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THE TRANSPORTATION & BUSINESS LOGISTICS MAGAZINE

VOL. 91, NO. 8

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Shippers are constantly looking for quality in their carriers. Why would they expect anything else? An optimal transportation partner is one that will go above and beyond the call of duty. In our ninth annual Quest for Quality survey, the nation's shippers rate their carriers in several categories and select those that set the standard for transportation excellence.

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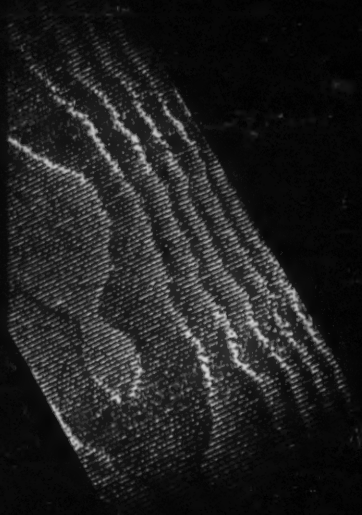

QUEST FOR QUALITY DISTRIBUTION

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QUEST FOR QUALITY

In our ninth annual Quest for Quality survey, the nation's shippers rate their carriers and select those that set the standard for excellence.

Performance. It's the ultimate test for Olympic athletes, and for freight transportation companies. All carriers promise great performance, and most try very hard. But invariably, only a few really perform to the levels expected by today's demanding shippers.

"From the sales force, to operations at the local terminal, to the driver who serves our plants, one carrier we use displays the most consistent attitude of doing whatever is necessary to provide 100 percent satisfaction in all performance areas," says Henry L. Walczak, manager of transportation for General Motors Powertrain Division in Flint, Mich.

Judging from the scores reported in this, our ninth annual Quest for Quality survey, all shippers are becoming extremely demanding. But these shippers are also increasingly interested in setting up long-term relationships with the carriers that do perform.

Because of this trend, we asked respondents to this year's survey to indicate if the carrier they rate is a "core" carrier, i.e., one that handles a very large portion of their freight as a result of a partnership or an especially strong relationship. For each carrier, we present these core carrier scores, along with the scores reported by all regular users of each company listed.

For all ratings, respondents used a three-point scale in their ratings with "1" being poor, "2" being average and "3" being outstanding.

In our direct mail surveys, we asked shippers to rate carriers in five performance categories:

- **On-time performance:** *on-time pickup and delivery; consistent, dependable schedules and transit times.*
- **Value:** *competitiveness of rates with carriers offering similar services; relationship of prices to service levels provided; simplicity of tariffs and contract prices.*
- **Equipment & operations:** *equipment availability; condition of equipment; good attention to safety; low incidence of loss and damage.*
- **Customer service:** *willingness and ability to quickly answer inquiries and solve problems; claims settled promptly and courteously.*
- **Administration & staff:** *knowledge of shipper needs and carrier capabilities, responsiveness to special requirements; billing accuracy; regular and effective sales calls that provide timely information on services and options; EDI capability.*

continued

Our report recognizes as "Quality Carriers" only those transportation companies that excel in all five performance categories (see p. 36).

There are several changes in this year's survey that merit special mention. We received so many requests from LTL carriers to be included in our survey that we had to set a revenue threshold of $40 million for any LTL carrier to appear on a survey form. As a result of this new threshold, we regrettably have had to remove several excellent carriers from the survey. We especially regret having to remove A. Duie Pyle, which has been a three-time quality carrier. These deletions in no way reflect badly on the carriers.

The trend toward regionalization of LTL marketing and operations has sparked discussion with a number of carriers in our survey. Preston Trucking, for example, describes itself as a regional carrier in both the Northeast and the Midwest. By our definition, a regional carrier operates primarily in one region, so we have placed Preston in a new category that includes both multiregional and interregional carriers.

Similarly, one national carrier has started regional LTL operations out of its existing terminals, and at least one other national carrier is expected to do the same thing within the next year. While it could be argued that these are separate regional carriers, for the purposes of our survey, we see these regional operations as an additional service offering of the national carrier's operations.

Clearly, traditional labels no longer adequately describe how many carriers actually operate. We will be closely following how carriers of all types position themselves in the market, and we will make changes in our survey to adapt to these changes.

We also had a major disappointment this year with the intermodal portion of the survey. Despite three mailings, we did not receive enough completed questionnaires to produce statistically valid scores, either for direct railroad intermodal services, third party intermodal operators or stacktrain services. Therefore, no results are published for these groups this year.

This year's survey includes another enhancement. We asked respondents to each of the 12 modal or regional questionnaires to weigh the relative importance of the five peformance criteria on a scale of one to five with five being extremely important and one being least important. The weights given to each performance category were similar, but by no means identical (see box below). LTL buyers located at actual shipping points, for example, value the human elements of quality—customer service and administration and staff—much higher than LTL buyers at headquarters locations. On the other hand, bulk shippers ranked equipment and operations even higher than value. And while most respondents considered value a somewhat distant second to on-time performance, cost-conscious rail shippers rated value nearly as highly as on-time performance.

The data in this report comes from a series of direct mail questionnaires, each focusing on a specific mode of transportation. Survey candidates were selected based on size, geographic location and indicated usage of a particular type of transportation. We received over 2,500 survey returns, which we reviewed for authenticity and edited to ensure consistent data. We turned over 2,376 qualified questionnaires to Chilton Research Services, the fifth largest business-to-business research company in the U.S., for tabulation.

As a final note, we would like to emphasize that the scores reported in this survey are not intended to serve as a way of ranking carriers, and DISTRIBUTION Magazine advises shippers to ignore such improper attempts to use the scores in this report. ■

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HOW BUYERS OF TRANSPORTATION SERVICES RANK PERFORMANCE CATEGORIES

	On-Time Performance	Value	Equipment & Operations	Customer Service	Administration & Staff
All Buyers of LTL Services	4.61	3.78	2.32	3.24	1.85
Nat'l Headquarters LTL Service Buyers	4.62	3.85	2.36	2.87	1.69
Northeast LTL Buyers	4.64	3.81	2.38	3.29	1.91
South/Southcentral LTL Buyers	4.62	3.73	2.35	3.28	1.91
Midwest LTL Buyers	4.58	3.78	2.22	3.26	1.74
West LTL Buyers	4.59	3.76	2.32	3.23	1.85
Domes. Airfreight & Exp. Service Buyers	4.85	3.48	2.46	3.19	1.55
Int'l Air Transportation Service Buyers	4.59	3.61	2.32	3.29	1.78
Ocean Service Buyers	4.34	3.78	2.85	2.90	1.80
Truckload Service Buyers	4.73	3.60	3.01	2.83	1.61
HHG Service Buyers	4.26	3.15	2.86	3.45	1.81
Bulk Carrier Service Buyers	4.55	3.23	3.59	2.98	1.43
Rail Service Buyers	4.13	4.02	2.86	2.47	1.93

DISTRIBUTION'S 1992 QUALITY CARRIERS

NATIONAL LTL CARRIERS
CF MotorFreight
Roadway Express
Watkins Motor Lines
Yellow Freight System

MULTIREGIONAL & INTERREGIONAL LTL CARRIERS
NW Transport Service, Inc.
Preston Trucking Co.

REGIONAL LTL CARRIERS
South/Southcentral
AAA Cooper Transportation
Arkansas Freightways, Inc.
Averitt Express
Con-Way Southern Express
Con-Way Southwest Express
Saia Motor Freight Line
Southeastern Freight Lines

REGIONAL LTL CARRIERS
Midwest
Crouse Cartage Company
TNT Holland Motor Express

REGIONAL LTL CARRIERS
West
TNT Reddaway

SURFACE PACKAGE CARRIERS
United Parcel Service

INTERNATIONAL AIRFREIGHT & EXPRESS CARRIERS
Federal Express

DOMESTIC ALL CARGO AIR CARRIERS
Federal Express

DOMESTIC AIR EXPRESS CARRIERS
Federal Express

INTERNATIONAL PASSENGER/CARGO AIRLINES
Air Canada
Delta Airlines
KLM Royal Dutch Airlines
Swissair North America

DOMESTIC PASSENGER/ CARGO AIRLINES
Delta Airlines
Southwest Airlines

INTERNATIONAL AIR FORWARDERS
Air Express International
Panalpina
Pilot Air Freight

DOMESTIC AIR FORWARDERS
Intertrans Corporation
Lynden Air Freight
Pilot Air Freight
Skyway Freight Systems

HOUSEHOLD GOODS CARRIERS
Allied Van Lines

OCEAN CARRIERS
Crowley Maritime
Hapag/Lloyd of America, Inc.
Neptune Orient Lines

MAJOR RAILROADS
Norfolk Southern
Union Pacific Railroad
Wisconsin Central Ltd.

BULK MOTOR CARRIERS
Montgomery Tank Lines, Inc.

TRUCKLOAD CARRIERS
Contract Freighters
Crete Carrier Corporation
Freymiller Trucking Inc.
Marten Transport, Ltd.
M.S. Carriers
Ranger Transportation Inc.
Roadrunner Enterprises
Schneider National Carriers, Inc.
Swift Transportation Company, Inc.
Tri-State Motor Transit Company

DISTRIBUTION's designation of these companies as Quality Carriers means that each has received ratings at or above average in all five performance categories: on-time performance, value, equipment & operations, customer service and administration & staff.

Sometimes it's hard to picture the nation's largest carriers, with thousands of trucks and hundreds of terminals, as nimble, responsive competitors. But that's what shippers like about the national LTL carriers.

"Our company provides military and government packaging services, and we require a government inspection before product is shipped," says Sandy Ledee, president of Gemini Packaging Service in Syracuse, N.Y. "So it's difficult to predict in the morning what will be ready to go and when. Our carrier responds promptly whenever I call and the salesman is always available for questions or problems, and he drops by to check on our service."

A little bit of extra attention can go a long way in cementing relationships between shippers and their national LTL carriers. While shippers unanimously expect on-time, damage-free delivery, it's these "extras" that they remember.

"Our carrier is always trying to accommodate our service needs, with after hours pickup, fast delivery times and ease of communication between their dispatch and our shipping department," says Scott Burchill, traffic manager for Chemstone, Inc., in Phoenix.

"We get competitive rates and consistently excellent service," says Jeffrey A. Neal, office manager for Granite Surface Plate Co. in Englewood, Ohio. "Our sales rep goes beyond the call of duty to trace our shipments, and, if necessary, speed our freight through the system."

Shippers also appreciate it when these carriers understand that they are an extension, and a representative, of the shipper's company. "When I ship with our national LTL carrier, I have the confidence to advise customers of arrival times without having to make lots of phone calls," says Dick Filson, warehouse supervisor for Ancra Southwest in Grand Prairie, Texas.

NATIONAL LTL CARRIERS

		On-Time Perf.	Value	Equip. & Opers.	Customer Service	Admin. & Staff
AVERAGE*	**Total**	**2.26**	**2.17**	**2.29**	**2.23**	**2.21**
	Core	**2.46**	**2.45**	**2.49**	**2.51**	**2.49**
ABF Freight System	Total	2.13	2.10	2.21	2.16	2.13
	Core	2.36	2.38	**2.46**	2.48	2.46
Carolina Freight	Total	2.14	2.07	2.17	2.13	2.09
	Core	2.39	2.38	2.38	2.41	2.35
CF MotorFreight	**Total**	**2.35**	**2.26**	**2.38**	**2.33**	**2.33**
	Core	**2.55**	**2.48**	**2.54**	**2.58**	**2.56**
Overnite	Total	2.17	**2.16**	2.16	2.05	2.04
	Core	2.43	**2.50**	2.35	2.28	2.29
Roadway Express	**Total**	**2.33**	2.19	**2.35**	**2.29**	**2.26**
	Core	**2.58**	2.47	**2.52**	**2.56**	**2.53**
Watkins	**Total**	**2.35**	**2.18**	**2.30**	**2.28**	**2.23**
	Core	**2.71**	**2.60**	**2.54**	**2.71**	**2.65**
Yellow Freight	**Total**	**2.31**	2.19	**2.35**	2.29	**2.28**
	Core	**2.52**	2.41	**2.52**	**2.52**	**2.50**

MULTIREGIONAL & INTERREGIONAL LTL CARRIERS

		On-Time Perf.	Value	Equip. & Opers.	Customer Service	Admin. & Staff
AVERAGE*	**Total**	**2.12**	**2.08**	**2.08**	**2.08**	**2.07**
	Core	**2.43**	**2.41**	**2.31**	**2.41**	**2.39**
ANR Freight System	Total	1.92	1.97	1.87	1.96	1.95
	Core	2.32	**2.51**	2.14	**2.53**	**2.49**
Central Transport	Total	1.95	2.01	1.88	1.90	1.90
	Core	2.28	**2.41**	2.01	2.23	2.16
Churchill Truck Lines	Total	2.19	2.08	**2.09**	2.07	2.06
	Core	**2.53**	2.51	**2.37**	2.38	**2.40**
Frozen Food Express	Total	2.07	1.87	**2.18**	2.05	**2.07**
	Core	2.08	1.85	2.23	2.00	2.00
NW Transport	**Total**	**2.35**	2.21	**2.34**	**2.20**	**2.23**
	Core	**2.56**	2.36	**2.50**	2.35	**2.42**
Old Dominion	Total	2.07	**2.09**	**2.08**	2.02	2.03
	Core	2.34	2.38	**2.31**	2.35	2.30
Preston Trucking Co.	**Total**	**2.23**	2.15	**2.20**	**2.24**	**2.19**
	Core	**2.48**	2.43	**2.37**	**2.52**	**2.50**

** Averages calculated on basis of data for all carriers in category, not just those listed. Scores at or above average appear in boldface.*

Shippers appreciate solid performers in these markets because they are logistically difficult to serve and financially hard to prosper in.

"Despite some of the financial problems that have plagued carriers servicing the Northeast, our carrier has flourished by performing the highest quality transportation, from pickup to delivery," says Dale Sheehan, corporate transportation analyst for Conair Corp. in East Windsor, N.J.

"Our carrier is responsive and accommodating as far as resolution of problems or answering inquiries is concerned, and it provides us with consistent two-day, and occasionally overnight service into West Virginia, which is outstanding," says a Pennsylvania-based shipper.

With competition so heavy, carriers can get into a bind by overstating their capabilities. Shippers usually know when carrier claims are hard to back up; a straightforward approach scores more points. "Our carrier has a knowledgeable staff, dependable transit times and excellent prices," says Nelson R. Krupp, Jr., traffic manager for Eastern Continuous Forms, Inc. in Blue Bell, Pa. "They have a team outlook, and with them it's not just hype."

With the vicious competition in these regions, there are almost always carriers at the door tempting shippers with lower rates. The old axiom, 'You get what you pay for' usually applies. Ivan Miller, shipping foreman for Galion Dump Bodies, Inc., in Winesburg, Ohio, recently gave a shipment to a carrier that had a rate $50 lower than what he was paying. The shipment was two days late, tracing it was impossible and the customer wound up having to pick it up at the trucker's terminal. Now he thinks twice about trying cut-rate carriers. "Even though the carrier we use now is not the lowest priced," he says, "if I ship it by them, I know when it's going to be there and I know it will be in good condition."

REGIONAL LTL CARRIERS—MIDWEST

		On-Time Perf.	Value	Equip. & Opers.	Customer Service	Admin. & Staff
AVERAGE*	**Total**	**2.27**	**2.10**	**2.16**	**2.16**	**2.16**
	Core	**2.55**	**2.43**	**2.36**	**2.45**	**2.47**
Advance	Total	2.17	2.12	2.03	2.09	2.10
	Core	2.29	2.35	2.13	2.33	2.36
Bo-Mac Trans.	Total	2.13	2.07	1.94	2.01	2.07
	Core	2.43	**2.46**	1.92	2.23	2.21
Con-Way Central	**Total**	**2.52**	1.97	**2.45**	**2.34**	**2.27**
	Core	**2.79**	2.39	**2.67**	**2.65**	**2.64**
Crouse Cartage	**Total**	**2.48**	**2.23**	**2.19**	**2.27**	**2.25**
	Core	**2.73**	**2.48**	**2.39**	**2.57**	**2.61**
Fore Way Express	Total	2.13	2.06	2.02	2.08	2.09
	Core	2.37	**2.45**	2.27	2.44	2.36
Hyman Freightways	Total	2.09	2.06	2.05	2.06	2.06
	Core	2.35	2.37	2.15	2.27	2.36
Jones Transfer (MI)	Total	1.70	1.83	1.85	1.85	1.80
	Core	2.00	2.00	2.00	2.00	2.00
Middlewest Frtwys.	**Total**	**2.28**	**2.24**	**2.22**	**2.27**	**2.24**
	Core	**2.56**	**2.44**	**2.40**	**2.56**	**2.50**
OK Trucking	Total	1.98	2.00	1.72	1.80	1.84
	Core	2.14	2.29	1.57	1.86	1.88
Spartan Central	Total	2.20	2.00	1.96	1.90	2.02
	Core	2.30	2.09	2.00	1.91	2.18
TNT Holland	**Total**	**2.53**	2.31	**2.40**	**2.34**	**2.39**
	Core	**2.72**	2.57	**2.57**	**2.56**	**2.60**

REGIONAL LTL CARRIERS—NORTHEAST

		On-Time Perf.	Value	Equip. & Opers.	Customer Service	Admin. & Staff
AVERAGE*	**Total**	**2.26**	**2.12**	**2.40**	**2.16**	**2.16**
	Core	**2.57**	**2.49**	**2.52**	**2.47**	**2.46**
APA Transport	Total	2.13	2.00	2.19	2.03	2.05
	Core	2.42	2.36	2.38	2.28	2.35
NEMF	Total	2.01	2.02	2.01	1.99	2.00
	Core	2.35	2.44	2.29	2.21	2.24
New Penn	Total	2.42	2.11	2.30	2.19	2.21
	Core	**2.62**	**2.69**	**2.61**	**2.61**	**2.61**
St. Johnsbury	Total	2.22	2.11	2.13	2.11	2.11
	Core	2.49	2.45	2.28	2.39	2.40
TNT Red Star	Total	**2.43**	**2.28**	2.32	**2.35**	**2.33**
	Core	**2.63**	**2.48**	2.50	**2.63**	**2.54**
Ward Trucking	Total	**2.29**	**2.16**	**2.18**	**2.17**	**2.23**
	Core	**2.73**	**2.62**	**2.52**	**2.52**	**2.65**

** Averages calculated on basis of data for all carriers in category, not just those listed. Scores at or above average appear in boldface.*

The South is high-service territory for shippers. And that can translate into a distinct competitive advantage.

"For 1991, our carrier's on-time delivery rate was 99.9 percent in my area, with no claims," says Rosalind W. Haith, area transportation representative for Houston-based Chevron USA. "They have refined their schedules to the point that on shipments originating in Houston, we can guarantee delivery times at destinations as far away as the Florida Keys in specific segments of the day." That means Chevron's customers are happy, and it helps the company present the quality image it wants. "It gives us a high level of credibility," Haith says. The benefits of such a relationship are reciprocal, she adds. "It would be hard for another carrier to take the business away from them," she says of her carrier, "and we would expect that our ability to perform would make it difficult for another supplier to take away our business with the customer."

Linda Leone-Roberson, warehouse/used equipment supervisor for Tennant Co. in Norcross, Ga., has had a similar experience with her southern carriers, one of which was named carrier of the year for the entire country in 1991. It had the highest percentage of on-time deliveries among the carriers Tennant uses, "and their quality program shows their concern for our customers."

For example, the carrier often comes in to pick up for customers that call in orders late—sometimes after it's already been there for a pickup earlier in the day, says Leone-Roberson. She's also impressed that its employees take the time to make Saturday deliveries when customers require it. She considers that above and beyond the call of duty. "Because we get excellent service on a consistent basis," she says, "our customers now look for that level of service. That makes us a better supplier in their eyes."

REGIONAL LTL CARRIERS—SOUTH/SOUTHCENTRAL

		On-Time Perf.	Value	Equip. & Opers.	Customer Service	Admin. & Staff
AVERAGE*	Total	**2.35**	**2.17**	**2.26**	**2.18**	**2.17**
	Core	**2.60**	**2.41**	**2.50**	**2.45**	**2.44**
AAA Cooper	Total	**2.44**	**2.28**	2.31	**2.23**	**2.26**
	Core	**2.69**	**2.49**	**2.62**	**2.61**	**2.66**
Arkansas Freightways	Total	**2.62**	**2.32**	**2.51**	**2.29**	**2.31**
	Core	**2.71**	**2.58**	**2.68**	**2.49**	**2.61**
Averitt Express	Total	**2.64**	**2.33**	**2.64**	**2.34**	**2.30**
	Core	**2.65**	2.53	**2.78**	**2.49**	**2.53**
Central Freight	Total	2.25	2.04	2.25	2.00	2.07
	Core	2.36	2.11	2.39	2.13	2.18
Con-Way Southern	Total	**2.44**	**2.19**	**2.38**	**2.29**	**2.26**
	Core	**2.71**	2.36	**2.51**	**2.51**	**2.46**
Con-Way Southwest	Total	**2.50**	**2.35**	**2.49**	**2.43**	**2.47**
	Core	**2.57**	**2.43**	**2.61**	**2.61**	**2.57**
Estes Express Lines	Total	2.23	2.01	2.04	2.04	2.05
	Core	**2.68**	**2.44**	2.40	2.44	**2.44**
Fredrickson	Total	2.03	2.03	1.94	1.91	2.00
	Core	**2.43**	**2.43**	2.14	2.29	2.29
Merchants	Total	2.21	2.03	2.04	2.01	1.96
	Core	2.50	2.38	2.23	2.35	2.23
Red Arrow	Total	2.26	2.09	2.14	**2.19**	2.14
	Core	2.50	2.00	2.25	2.33	2.25
Sala Motor Freight	Total	**2.46**	**2.30**	**2.32**	**2.41**	**2.32**
	Core	**2.70**	**2.57**	2.40	**2.62**	**2.60**
Smalley Trans.	Total	1.78	1.81	1.74	1.78	1.78
	Core	2.00	2.09	2.00	2.18	2.09
Southeastern	Total	**2.46**	**2.27**	**2.34**	**2.30**	**2.22**
	Core	**2.78**	**2.50**	**2.72**	**2.66**	**2.59**
Southwest Motor	Total	**2.23**	2.00	**2.20**	2.16	2.15
	Core	**2.67**	2.20	**2.83**	2.33	**2.67**
Spartan	Total	2.32	2.13	2.23	**2.18**	2.11
	Core	2.57	**2.43**	2.49	2.38	2.29
Standard Trucking	Total	**2.24**	**2.26**	**2.08**	**2.08**	**2.08**
	Core	**2.43**	**2.43**	2.13	**2.20**	**2.27**
Transus	Total	2.12	2.09	1.98	2.02	1.96
	Core	**2.43**	**2.50**	**2.29**	**2.43**	**2.43**
Wilson Trucking	Total	**2.33**	1.93	**2.27**	**2.16**	**2.14**
	Core	**2.61**	**2.29**	**2.47**	**2.53**	**2.47**

** Averages calculated on basis of data for all carriers in category, not just those listed. Scores at or above average appear in boldface.*

Keeping your promises. That's one thing that seems to impress shippers as much as any service or pricing aspect of their relationships with LTL carriers.

Leroy Fennewald, manager of traffic for Fiatallis North America in Carol Stream, Ill., has been using one of his LTL carriers for 25 years. They aren't the low price carrier, he says, "but my experience has been that they do what they say they will do without effort. Usually they get the job done with one phone call. They respond." Fennewald credits the "can do" attitude to the carrier's experienced personnel. "They've had people stay with them for long periods of time, so you're not talking to someone different every two months," he says. Fiatallis' local terminal manager, he adds, "is the type of guy you can call up and say, 'I need such and such done tomorrow,' and you can hang up the phone and, barring an earthquake, it will get done," he says. "They stand behind what they say they'll do."

For example, if the carrier knows it can't deliver to a market overnight, it will quote second-day service; too many carriers, he adds, promise the moon and fail to deliver. "The reliability factor," Fennewald says, "is extremely important."

Bill Thompson, vice president of Transmode, Inc., a warehousing and distribution firm in Dominguez Hills, Calif., cites a carrier whose service levels are consistent, whose organization is uniformly professional. "Their marketing and sales reps know what the latest innovation is in their industry. They are a leader, not a follower," he says. "And when they make a commitment, they live by it."

Thompson sees evidence of this each time a customer asks for a special delivery request. "I notify the rep of the various delivery criteria, according to what the customer has specified," Thompson says. "The rep then follows up with me to confirm that it's been accomplished."

REGIONAL LTL CARRIERS—WEST

		On-Time Perf.	Value	Equip. & Opers.	Customer Service	Admin. & Staff
AVERAGE*	**Total**	**2.38**	**2.20**	**2.31**	**2.22**	**2.20**
	Core	**2.67**	**2.47**	**2.56**	**2.53**	**2.52**
Con-Way Western	Total	2.37	2.26	2.42	2.26	2.22
	Core	2.61	2.55	2.58	2.50	2.55
DiSalvo Trucking	**Total**	**2.13**	2.00	1.95	1.89	1.94
	Core	**2.88**	2.43	2.43	2.29	2.43
G.I. Trucking	Total	2.06	2.09	2.07	1.99	2.02
	Core	**2.75**	**2.55**	2.45	**2.60**	**2.65**
Lynden Transport	**Total**	**2.38**	2.19	2.20	**2.29**	**2.21**
	Core	2.38	**2.50**	2.38	2.38	2.25
Motor Cargo	Total	2.26	2.14	2.18	2.17	2.12
	Core	2.46	2.08	2.38	2.23	2.38
TNT Bestway	Total	2.37	**2.21**	**2.39**	2.21	2.14
	Core	2.65	**2.36**	**2.64**	2.36	2.32
TNT Reddaway	**Total**	**2.80**	**2.57**	**2.58**	**2.64**	**2.56**
	Core	**2.89**	**2.63**	**2.67**	**2.74**	**2.65**
Viking Freight System	**Total**	**2.34**	2.06	2.30	2.10	2.14
	Core	2.50	2.30	2.51	**2.43**	**2.46**
Willig Freight Lines	Total	2.34	2.07	2.21	2.19	2.07
	Core	2.64	**2.67**	2.53	**2.60**	2.40

SURFACE PACKAGE CARRIERS

		On-Time Perf.	Value	Equip. & Opers.	Customer Service	Admin. & Staff
AVERAGE*	**Total**	**2.25**	**2.24**	**2.40**	**1.98**	**2.00**
	Core	**2.38**	**2.35**	**2.57**	**2.07**	**2.08**
RPS	Total	2.16	**2.26**	2.31	2.12	2.09
	Core	2.36	**2.53**	2.44	**2.36**	**2.31**
UPS	**Total**	**2.49**	**2.36**	**2.58**	**2.10**	**2.12**
	Core	**2.48**	**2.36**	**2.59**	2.06	**2.10**
U.S. Postal Service	Total	1.86	2.00	2.10	1.67	1.72
	Core	1.92	2.12	2.18	1.78	1.79

** Averages calculated on basis of data for all carriers in category, not just those listed. Scores at or above average appear in boldface.*

Hassle-free, excellent equipment, low rates with reliable, claim-free service. They are the finest carrier I've ever worked with." That's how Jeff Fischer, national transportation manager for Fuji Film in Elmsford, N.Y., describes his top truckload carrier. Other TL shippers evaluate their carriers in similar fashion. "For the size of their fleet, our carrier's service is very dependable," says Reva C. Meade, supervisor of rates & auditing for Singer Furniture in Roanoke, Va. "They have good quality equipment, the sales force is aware of any problems that arise and they work to resolve them and take steps to prevent recurrence."

James J. Paule, traffic manager for Spangler Candy Co. in Bryan, Ohio, says his top carrier "consistently covers the loads to which they commit without problems such as equipment failures, missed delivery appointments or difficult drivers. It's a real pleasure to do business with them."

Truckload shippers also place a high premium on equipment and systems. "Every reefer in our carrier's fleet is a 48′ x 102″ high-cube trailer," says Starr H. Lloyd, general transportation manager for Gorton's of Gloucester in Gloucester, Mass. "That's important to us because we cube out before we weigh out. I don't have to worry about them coming in with a 45′ or 46′ unit."

Another advantage for Gorton's and its customers is the carrier's satellite tracking system. "Just yesterday a truck left here with a shipment bound for a big customer of ours in Indianapolis," Lloyd says. "The customer called just after it left and wanted the driver to stop in Canton, Mass., to pick up a load of coffee. We called the carrier, and they sent a satellite message to the driver diverting him into Canton." Such a swift reaction would have been impossible without the satellite system, Lloyd says, and making the extra pickup should help Gorton's make points with an important customer.

TRUCKLOAD CARRIERS

		On-Time Perf.	Value	Equip. & Opers.	Customer Service	Admin. & Staff
AVERAGE*	**Total**	**2.32**	**2.20**	**2.36**	**2.19**	**2.18**
	Core	**2.53**	**2.65**	**2.51**	**2.40**	**2.38**
Ace Transportation	**Total**	2.41	2.09	2.26	**2.20**	2.00
	Core	**3.00**	2.17	2.00	2.00	1.84
Anderson Trucking	**Total**	2.27	**2.24**	2.34	2.08	2.12
	Core	2.45	2.53	**2.62**	2.24	2.20
Builders Transport	**Total**	**2.46**	2.15	2.33	2.00	2.12
	Core	2.44	2.00	2.36	1.94	2.07
Burlington Mtr. Car.	**Total**	2.19	**2.20**	2.23	**2.23**	2.00
	Core	2.33	2.33	2.33	2.33	2.17
Contract Freighters	**Total**	**2.49**	**2.24**	**2.67**	2.51	**2.28**
	Core	**2.69**	2.44	**2.82**	**2.82**	**2.57**
Crete Carriers	**Total**	**2.40**	**2.33**	**2.46**	**2.22**	**2.32**
	Core	**2.79**	2.63	**2.54**	**2.50**	**2.75**
CRST	**Total**	2.16	1.93	2.26	2.04	2.01
	Core	2.25	1.92	2.25	2.09	1.84
Dart Transit	**Total**	2.00	1.89	2.26	1.91	1.84
	Core	1.75	1.50	2.00	1.25	1.75
Freymiller Trucking	**Total**	**2.61**	**2.22**	**2.45**	**2.31**	**2.23**
	Core	**2.75**	2.50	**2.75**	**2.50**	2.25
Inway	**Total**	2.29	**2.24**	**2.43**	2.17	2.15
	Core	**2.62**	2.46	**2.72**	2.33	2.27
J.B. Hunt Transport	**Total**	2.29	**2.50**	**2.61**	**2.28**	**2.20**
	Core	2.32	2.62	**2.65**	2.39	2.29
Jones Motor Co.	**Total**	2.00	2.10	2.00	2.00	2.00
	Core	2.00	2.00	2.00	2.25	2.00
Ligon Nationwide	**Total**	2.00	**2.27**	2.06	2.02	2.10
	Core	2.00	**2.67**	2.33	**2.67**	2.33
Marten	**Total**	**2.42**	**2.33**	**2.42**	**2.25**	**2.25**
	Core	**2.75**	**3.00**	**2.75**	**2.75**	**3.00**
Mercer	**Total**	2.26	**2.27**	2.26	**2.34**	**2.27**
	Core	2.35	**2.70**	2.45	**2.55**	**2.45**
MNX	**Total**	2.22	1.95	2.13	2.03	2.02
	Core	2.50	2.17	2.09	2.09	2.17
M.S. Carriers	**Total**	**2.33**	**2.33**	**2.42**	**2.36**	**2.36**
	Core	2.25	2.38	2.38	2.25	2.25
National Freight	**Total**	1.71	1.65	2.00	1.82	1.65
	Core	2.42	2.21	2.42	2.16	2.37
New Prime	**Total**	1.67	2.17	2.17	**2.67**	**2.28**
	Core	2.40	2.60	2.40	**3.00**	**2.80**
PFT/Roberson	**Total**	**2.34**	**2.20**	2.00	2.17	2.00
	Core	2.50	2.00	1.50	2.00	2.00
Poole Truck Line	**Total**	2.22	2.10	2.10	**2.21**	**2.19**
	Core	2.32	2.15	2.11	2.29	2.25
Ranger	**Total**	**2.51**	**2.38**	**2.40**	**2.49**	**2.46**
	Core	**2.70**	2.58	**2.55**	**2.65**	**2.78**
Roadrunner Trucking	**Total**	**2.39**	2.22	**2.48**	**2.34**	**2.51**
	Core	2.34	2.17	2.34	2.34	**2.50**
Schneider National	**Total**	**2.45**	**2.21**	**2.42**	**2.24**	**2.24**
	Core	**2.74**	2.37	**2.58**	**2.54**	2.37
Swift Transport	**Total**	**2.42**	**2.38**	2.45	2.35	**2.26**
	Core	**2.69**	**2.69**	2.19	2.75	2.75
Tri-State	**Total**	**2.66**	**2.34**	**2.44**	**2.33**	**2.29**
	Core	**2.82**	2.39	**2.84**	**2.57**	**2.65**
Werner	**Total**	**2.70**	2.11	2.75	2.17	2.20
	Core	**2.88**	2.25	2.75	2.50	2.50

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SPECIALIZED CARRIERS

The tag "specialized" often means these carriers are judged by a different standard than others. They may be expected to provide specialized equipment or services. Or perhaps specialized information or personnel are required.

Ron Thornton, traffic supervisor for Philips Lighting in Danville, Ky., says one of his carriers has been providing specialized, innovative service for almost a dozen years. First there was the idea for a single rep to handle all the shipper's needs. Then there was a continuous move program, in which Philips works with the carrier to match inbound and outbound loads, improving equipment utilization and on-time performance while reducing costs. The continuous move program gives Philips greater control over the dispatch and routing of drivers, Thornton says. The program has evolved into a service resembling dedicated contract carriage.

The carrier also shines in another area crucial to Philips: claims handling. "In our industry, claims are a giant pain in the neck," Thornton says. The carrier is quick to pick up the phone if a clarification is needed, he says, and, now that they have developed a good rapport, "many times they will do a claim based on our word."

Carl D. Hoy, distribution manager for Cargill, Inc. in Dayton, Ohio, says one of his bulk carriers hauls nearly 10,000 loads of corn sweetener and starch products every year. Last October, as part of a formal quality process Cargill has used since 1985, the company selected this carrier as its top trucker on the basis of error-free performance versus loads hauled. The carrier is at the top of the pack again this year. Hoy says monthly feedback based on Cargill's quality measurements is partly responsible for the carrier's success. "They do an outstanding job of communicating with us," he says, "and they are responsive to our varying needs."

HIGH VALUE PRODUCTS CARRIERS

		On-Time Perf.	Value	Equip. & Opers.	Customer Service	Admin. & Staff
AVERAGE*	**Total**	**2.44**	**2.14**	**2.42**	**2.12**	**2.40**
	Core	**2.65**	**2.49**	**2.51**	**2.42**	**2.52**
Allied Van Lines	Total	2.19	2.15	2.30	2.05	2.14
	Core	2.25	2.38	2.38	2.13	2.25
Bekins Van Lines	Total	2.00	1.91	2.00	2.09	2.00
	Core	2.50	2.00	2.25	2.25	2.25
Mayflower Transit	Total	2.25	**2.33**	2.17	**2.17**	**2.42**
	Core	2.60	**2.60**	2.20	2.40	**2.60**
North American	**Total**	**2.28**	**2.19**	2.25	**2.19**	2.21
	Core	**2.73**	**2.50**	**2.68**	**2.50**	**2.59**
United Van Lines	Total	2.71	2.13	**2.61**	2.08	**2.63**
	Core	**2.75**	**2.57**	2.29	2.29	2.50

HHG CARRIERS

		On-Time Perf.	Value	Equip. & Opers.	Customer Service	Admin. & Staff
AVERAGE*	**Total**	**2.42**	**2.33**	**2.43**	**2.37**	**2.35**
	Core	**2.67**	**2.59**	**2.64**	**2.62**	**2.57**
Allied Van Lines	**Total**	**2.58**	2.40	**2.53**	**2.56**	2.51
	Core	**2.91**	**2.59**	**2.78**	**2.83**	**2.78**
Atlas Van Lines	**Total**	**2.42**	2.23	**2.50**	2.31	**2.35**
	Core	**2.73**	2.36	**2.64**	**2.64**	**2.64**
Bekins Van Lines	Total	2.05	2.22	2.16	2.05	1.89
	Core	2.29	**2.67**	2.57	2.29	2.00
Burnham Service Co.	Total	2.17	2.17	2.33	2.17	2.17
	Core	2.25	2.50	2.25	2.25	2.25
Graebel Van Lines	**Total**	**2.50**	2.27	**2.58**	**2.58**	**2.58**
	Core	2.43	2.33	2.57	**2.71**	**2.71**
Mayflower Transit	Total	2.22	**2.33**	2.33	2.17	2.13
	Core	**2.69**	**2.69**	2.63	**2.63**	2.50
North American	**Total**	**2.47**	2.31	2.26	**2.37**	**2.40**
	Core	2.61	**2.65**	2.44	2.56	2.56
United Van Lines	**Total**	**2.39**	2.30	**2.53**	**2.37**	**2.39**
	Core	2.56	2.52	**2.68**	2.40	2.40

BULK MOTOR CARRIERS

		On-Time Perf.	Value	Equip. & Opers.	Customer Service	Admin. & Staff
AVERAGE*	**Total**	**2.23**	**2.06**	**2.29**	**2.18**	**2.14**
	Core	**2.53**	**2.31**	**2.52**	**2.34**	**2.35**
Bulk Materials	Total	2.00	**2.20**	2.00	2.10	2.00
	Core	2.50	**3.00**	2.50	**2.50**	**2.50**
Chemical Leaman	Total	2.21	1.91	**2.34**	2.09	2.10
	Core	**2.58**	2.00	2.50	2.33	**2.36**
DSI Transports	Total	2.13	1.94	**2.31**	2.06	1.88
	Core	2.50	2.00	2.50	**2.50**	2.00
Groendyke Transport	**Total**	**2.23**	**2.33**	2.23	2.15	**2.15**
	Core	**3.00**	**3.00**	**3.00**	**3.00**	**3.00**
Matlack	**Total**	**2.31**	2.03	**2.39**	2.20	**2.23**
	Core	**2.56**	2.25	**2.56**	2.25	2.31
Miller Transporters	**Total**	**2.25**	2.00	**2.30**	**2.26**	**2.26**
	Core	2.43	2.14	**2.71**	**2.43**	**2.57**
Montgomery Tank	**Total**	**2.36**	**2.33**	**2.48**	**2.38**	**2.29**
	Core	**2.62**	**2.62**	**2.77**	**2.46**	**2.46**
Tri-Mac	Total	2.14	2.05	1.95	2.10	2.00
	Core	2.30	2.30	1.90	2.10	2.00

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CARGO & EXPRESS CARRIERS

Express *n*: A system for the prompt and safe transportation of parcels, money, or goods at rates higher than standard freight charges."

The way Webster defines "express," it's no wonder shippers expect, and usually receive, top-notch service from these carriers. Tracking shipments is almost universally mentioned as an example.

"Our carrier can track a package within a half hour," says Will Jolliff, purchasing agent for Axis Communications in Anchorage, Alaska, "and I can track freight that's being sent to me without going back to the shipper. It condenses that search to minutes rather than days." Jolliff tells of a package he was expecting from Atlanta. Though he had no airbill number, he called the carrier, which searched its pickup records. It turned out the company hadn't even mailed the package. "I thought that was extraordinary," he says.

You don't have to be a big shipper, with big volumes, to get big service, either. R.E. Wright Associates, an environmental consulting firm, ships 25 packages a day. "The whole nature of our business is fast-paced," says Patricia Reeser, corporate purchasing agent. "Because of the nature of environmental remediation, emergency response is often necessary. Whether it's a replacement part for field equipment, meeting a job proposal deadline or rushing supplies to a branch office, our carrier is there."

When customers of Allen-Bradley Co. request Saturday delivery, "usually it means a customer has a production line down," says Senior Traffic Coordinator Ruth Sele. Her express carrier initially ran about 80 percent on-time on Saturday. When she complained, the local terminal manager read his staff the riot act. Ever since, each Allen-Bradley package is audited on Friday night to catch any Saturday deliveries, and on-time performance has zoomed back up to nearly 100 percent.

DOMESTIC AIR EXPRESS CARRIERS

		On-Time Perf.	Value	Equip. & Opers.	Customer Service	Admin. & Staff
AVERAGE*	Total	**2.39**	**2.20**	**2.34**	**2.16**	**2.14**
	Core	**2.58**	**2.43**	**2.52**	**2.35**	**2.31**
Airborne Express	Total	**2.40**	2.42	2.28	**2.20**	2.13
	Core	**2.73**	**2.73**	**2.62**	**2.45**	**2.41**
BAX	Total	2.11	2.06	2.11	**2.18**	**2.15**
	Core	2.21	2.27	2.13	2.28	2.22
DHL Worldwide	Total	**2.41**	2.11	2.26	2.11	2.12
	Core	**2.63**	2.38	2.36	2.31	2.24
Emery Worldwide	Total	2.14	2.00	2.12	2.14	2.10
	Core	2.27	2.39	2.32	**2.47**	2.30
Federal Express	Total	**2.79**	**2.29**	**2.72**	**2.55**	**2.48**
	Core	**2.84**	**2.43**	**2.78**	**2.66**	**2.57**
TNT Worldwide	Total	2.15	2.00	2.13	2.12	2.09
	Core	2.50	**2.75**	**2.75**	**2.75**	**2.75**
United Parcel Service	Total	**2.47**	**2.36**	**2.43**	2.01	2.02
	Core	2.53	**2.44**	2.48	2.04	2.08
U.S. Postal Service	Total	1.99	2.12	2.01	1.56	1.64
	Core	2.00	2.25	2.17	1.42	1.75

INTERNATIONAL AIRFREIGHT & EXPRESS CARRIERS

		On-Time Perf.	Value	Equip. & Opers.	Customer Service	Admin. & Staff
AVERAGE*	Total	**2.34**	**2.20**	**2.31**	**2.16**	**2.12**
	Core	**2.55**	**2.46**	**2.49**	**2.33**	**2.28**
Airborne Express	Total	2.16	2.19	2.12	2.10	2.07
	Core	2.41	**2.59**	2.28	2.25	2.22
BAX	Total	2.21	2.14	2.17	**2.25**	**2.18**
	Core	2.47	**2.56**	2.39	**2.59**	**2.53**
DHL Worldwide	Total	**2.35**	2.05	2.24	2.15	2.09
	Core	**2.57**	2.34	**2.44**	**2.43**	**2.34**
Emery Worldwide	Total	2.00	2.09	2.07	2.10	**2.12**
	Core	2.20	**2.47**	2.25	2.30	2.25
Federal Express	Total	**2.76**	**2.31**	**2.67**	**2.43**	**2.34**
	Core	**2.85**	**2.49**	**2.73**	**2.55**	**2.43**
Nippon Cargo Airlines	Total	2.24	2.04	2.17	1.92	1.91
	Core	2.50	2.25	**2.50**	1.75	2.00
TNT Express	Total	2.23	2.18	2.15	**2.20**	2.09
	Core	2.29	2.43	2.29	**2.57**	**2.43**
United Parcel Service	Total	**2.45**	**2.35**	**2.47**	1.92	1.96
	Core	2.51	2.39	**2.51**	1.96	2.00

DOMESTIC ALL-CARGO AIR CARRIERS

		On-Time Perf.	Value	Equip. & Opers.	Customer Service	Admin. & Staff
AVERAGE*	Total	**2.34**	**2.15**	**2.36**	**2.17**	**2.15**
	Core	**2.51**	**2.44**	**2.54**	**2.34**	**2.30**
Airborne Express	Total	2.21	**2.15**	2.17	2.08	2.01
	Core	2.27	**2.68**	2.42	2.22	2.06
BAX	Total	2.18	2.10	2.21	**2.20**	**2.19**
	Core	**2.38**	**2.47**	2.36	**2.42**	**2.39**
Emery Worldwide	Total	2.09	2.03	2.13	2.06	2.07
	Core	2.26	2.41	2.32	2.32	2.26
Federal Express	Total	**2.70**	**2.16**	**2.70**	**2.53**	**2.44**
	Core	**2.81**	2.41	**2.79**	**2.69**	**2.58**
United Parcel Service	Total	**2.40**	**2.29**	**2.45**	1.93	2.00
	Core	2.49	2.40	2.52	1.98	2.07

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Would you want to work for your airfreight carrier?

Maybe that's as good a Quality measure as there is for carriers in all modes. "My airfreight carrier provides instant tracking, on-time delivery and it has had three claims in the last four years," one shipper says. "They give us responsive, quality oriented service. It's a company I would like to work for—a class act."

Airfreight shippers want the basics, but they also are impressed by the "extras."

John Benz, traffic manager for Bemis Specialty Films in Oshkosh, Wis., remembers the time fog delayed an unusually "hot" shipment to Texas. "Our carrier's rep physically hand-carried our shipment on commercial flights in order to meet our delivery needs," Benz says. "The person had to stay overnight in San Antonio without so much as a toothbrush. That's commitment!"

Other "extras" aren't as dramatic, but may be just as important. One carrier is "flexible and creative" in helping its customer develop a European DC. Another provides hazardous materials training for its customer. One shipper is impressed with a carrier's response to unexpected requests, "like when we call and say, 'The shipment's ready now, and we close in 15 minutes.' " Another says that one of the scheduled airlines distinguishes itself by providing refrigerated service.

Knowledgeable sales reps with good communication links to customers are also prized. "We have a rep who handles all problems for us, including weather delays, customs problems and billing errors," says Bonnie Coyne, traffic specialist with SPS Technologies in Jenkintown, Pa.

"We have two good carriers," adds Lee Iyer, materials manager for Ohline Corp. in Gardena, Calif., "but I give an edge to one because of their reps' commitment to follow up on shipments and keep my customer and me posted on its movement."

DOMESTIC PASSENGER/CARGO AIRLINES

		On-Time Perf.	Value	Equip. & Opers.	Customer Service	Admin. & Staff
AVERAGE*	Total	**2.20**	**2.17**	**2.20**	**2.14**	**2.13**
	Core	**2.40**	**2.40**	**2.38**	**2.25**	**2.24**
Alaska Airlines	Total	**2.31**	**2.58**	2.27	2.33	2.10
	Core	**2.67**	**3.00**	**2.67**	**2.33**	2.00
American Airlines	Total	2.06	2.09	**2.23**	2.05	2.10
	Core	2.05	2.19	2.33	2.00	**2.24**
Continental Cargo	Total	2.13	2.15	2.00	2.03	1.97
	Core	2.00	2.25	2.00	2.00	2.00
Delta Airlines	Total	**2.36**	**2.20**	**2.38**	**2.25**	**2.28**
	Core	**2.55**	2.37	**2.53**	**2.37**	**2.32**
Northwest Cargo	Total	2.03	2.03	1.97	2.00	2.00
	Core	**2.43**	**2.40**	2.00	2.20	2.20
Southwest Airlines	Total	**2.50**	**2.43**	**2.26**	**2.45**	**2.32**
	Core	**2.75**	**2.71**	2.14	**2.43**	2.14
United Airlines	Total	2.19	2.14	2.19	**2.14**	2.06
	Core	**2.45**	2.36	**2.55**	2.18	2.00
USAir	Total	**2.22**	**2.19**	2.10	2.11	**2.15**
	Core	**2.67**	**2.63**	**2.43**	**2.75**	**2.75**

INTERNATIONAL PASSENGER/CARGO AIRLINES

		On-Time Perf.	Value	Equip. & Opers.	Customer Service	Admin. & Staff
AVERAGE*	Total	**2.26**	**2.07**	**2.18**	**2.07**	**2.02**
	Core	**2.56**	**2.35**	**2.43**	**2.30**	**2.30**
Air Canada	Total	**2.38**	**2.09**	**2.27**	**2.07**	**2.19**
	Core	**3.00**	**2.67**	**2.67**	**2.67**	**2.33**
Air France	Total	**2.27**	2.03	2.17	**2.11**	**2.07**
	Core	2.50	**2.38**	2.38	2.29	**2.43**
Alitalia	Total	2.13	2.00	2.07	1.93	1.87
	Core	2.50	**2.50**	**2.50**	**2.50**	**2.50**
American Airlines	Total	2.13	2.02	**2.22**	2.03	1.96
	Core	2.27	**2.47**	2.40	2.20	2.14
British Airways	Total	2.25	**2.11**	2.17	2.03	1.94
	Core	**2.78**	**2.56**	**2.67**	**2.63**	**2.38**
Continental Cargo	Total	1.93	1.93	1.96	1.93	1.96
	Core	2.33	2.33	2.00	**2.33**	**2.33**
Delta Airlines	Total	**2.47**	**2.27**	**2.37**	**2.36**	**2.26**
	Core	**2.71**	**2.57**	**2.64**	**2.50**	**2.57**
Japan Airlines	Total	**2.38**	**2.07**	**2.21**	**2.14**	**2.07**
	Core	2.55	2.27	2.36	2.27	**2.36**
KLM	Total	**2.47**	**2.19**	**2.39**	**2.36**	**2.28**
	Core	**2.71**	**2.43**	**2.64**	**2.57**	**2.50**
Korean Airlines	Total	2.04	2.00	2.00	2.00	1.91
	Core	2.20	2.10	2.10	1.89	1.89
Lufthansa	Total	**2.58**	2.06	**2.42**	**2.09**	2.00
	Core	**2.86**	**2.43**	**2.62**	2.25	**2.33**
Northwest Cargo	Total	2.21	2.03	2.06	2.00	1.93
	Core	2.30	2.10	2.30	2.11	2.11
SAS	Total	**2.31**	**2.13**	**2.21**	**2.07**	2.00
	Core	2.50	2.00	2.00	2.00	2.00
Singapore Airlines	Total	2.25	**2.15**	2.16	**2.11**	2.00
	Core	2.40	2.20	2.20	2.00	2.00
Swissair	Total	**2.59**	**2.29**	**2.24**	**2.24**	**2.24**
	Core	**3.00**	**2.50**	**2.75**	**2.50**	**2.50**
Trans World Airlines	Total	1.91	1.91	2.00	1.91	1.86
	Core	2.25	2.00	2.25	2.00	2.00
United Air Lines	Total	2.24	1.95	2.14	2.03	1.97
	Core	**2.63**	2.25	2.38	2.14	2.14
USAir	Total	2.10	2.00	1.93	1.74	1.70
	Core	2.33	2.17	2.17	2.17	2.17

** Averages calculated on basis of data for all carriers in category, not just those listed.*
Scores at or above average appear in boldface.

Communication. That's what shippers want from their airfreight forwarders. Rich Shields, corporate traffic controller at Teradyne, Inc. in Boston, says his freight forwarder is quick to acknowledge a mistake—and that makes it easier to recover from.

"I don't know of anyone that has a 100 percent on-time delivery rate, but this is one company that responds and is proactive when it comes to informing all parties of a failure," he says. "This enables us to reset customer expectations." For example, Teradyne may be shipping a critical part, and the customer must bring people in to receive and install it. If Teradyne knows they'll be late, at least they can prevent the customer from incurring some of those additional costs. "No one likes to see a carrier be late," Shields says, "but you can be mature about it."

Lee Iyer, materials manager for Ohline Corp. in Gardena, Calif., says that while both his forwarders are great companies to work with, "I give the edge to one because of their sales rep's commitment to follow up a shipment all the way through delivery and keep both my customer and me posted on its movement."

Cheri Knutowski, service parts supervisor for Pillar Technologies in Hartland, Wis., says her airfreight forwarders help save her and the company time and money by staying on top of complicated export paperwork. One forwarder she uses has a specialist in letters of credit who monitors changes in the L/C and compares them with the commercial invoice, shipping instructions and other documents. This diligence keeps Pillar from having to pay stiff penalties for discrepancies, Knutowski says. She also appreciates it when forwarders stick to their quoted rates. "We've had situations where companies have quoted us a rate," she says, "and when I get the bill, I don't know whether they forgot we had a quote or what."

DOMESTIC AIR FORWARDERS

		On-Time Perf.	Value	Equip. & Opers.	Customer Service	Admin. & Staff
AVERAGE*	Total	**2.18**	**2.07**	**2.10**	**2.09**	**2.11**
	Core	**2.51**	**2.48**	**2.37**	**2.42**	**2.44**
Air Express Int'l	Total	2.09	2.06	2.04	1.98	2.04
	Core	2.38	2.50	2.27	2.23	2.17
Associated Air Frt.	Total	**2.28**	2.04	**2.32**	**2.13**	**2.17**
	Core	**2.67**	**2.80**	**2.60**	**2.80**	**2.80**
Danzas	Total	2.17	1.95	2.03	2.20	2.15
	Core	**2.67**	2.33	2.17	**2.50**	**2.50**
Dynamic Air Frieght	Total	**2.22**	2.00	**2.25**	2.00	**2.13**
	Core	**3.00**	**3.00**	**3.00**	**2.50**	**2.50**
Eden Air Freight	Total	2.27	2.18	2.09	2.09	2.00
	Core	**2.67**	**3.00**	2.33	**2.67**	**2.67**
Fritz	Total	**2.22**	2.00	**2.13**	1.91	1.96
	Core	2.29	2.29	2.29	2.00	1.86
Intertrans	Total	2.31	**2.08**	**2.23**	2.31	2.31
	Core	**2.80**	**2.60**	**2.80**	**2.80**	**2.80**
LEP Profit Int'l	Total	2.16	**2.13**	2.02	**2.11**	2.02
	Core	2.23	2.31	2.23	**2.54**	2.38
Lynden Air Freight	Total	2.37	2.11	2.21	2.11	2.32
	Core	**2.80**	2.40	**2.60**	2.40	**2.80**
Pilot Air Freight	Total	**2.27**	**2.28**	**2.25**	**2.33**	**2.31**
	Core	**2.63**	**2.63**	**2.50**	**2.63**	**2.63**
Seko	Total	**2.18**	2.05	**2.16**	2.05	2.05
	Core	2.00	2.00	2.20	2.00	2.00
Skyway	Total	**2.25**	**2.17**	**2.17**	**2.17**	**2.25**
	Core	**3.00**	**3.00**	**3.00**	**3.00**	**3.00**
Surfair	Total	**2.18**	2.00	1.75	1.94	1.94
	Core	**2.67**	2.40	1.80	2.20	**2.60**

INTERNATIONAL AIR FORWARDERS

		On-Time Perf.	Value	Equip. & Opers.	Customer Service	Admin. & Staff
AVERAGE*	Total	**2.13**	**2.10**	**2.11**	**2.07**	**2.04**
	Core	**2.43**	**2.41**	**2.36**	**2.39**	**2.34**
Air Express Int'l	Total	2.21	2.23	2.17	2.17	2.13
	Core	**2.45**	**2.50**	2.32	2.36	2.32
Associated Air Frt.	Total	**2.29**	2.00	**2.15**	1.93	2.00
	Core	**3.00**	2.33	2.33	2.33	2.33
Danzas	Total	2.19	2.07	2.08	2.13	2.02
	Core	2.33	2.17	2.25	2.25	2.08
Fritz	Total	2.00	**2.11**	**2.11**	2.00	2.00
	Core	2.10	**2.40**	2.20	2.10	2.10
Kintetsu World Exp.	Total	**2.14**	2.03	2.07	2.03	1.96
	Core	**2.44**	2.40	**2.44**	**2.50**	2.30
Keuhne & Nagle	Total	2.00	2.08	2.03	2.00	1.97
	Core	2.14	2.14	2.14	2.00	2.00
LEP Profit Int'l	Total	**2.17**	2.09	2.06	**2.09**	2.00
	Core	**2.70**	**2.60**	2.20	**2.40**	**2.44**
MSAS	Total	1.91	1.95	1.90	1.91	1.85
	Core	2.13	2.25	2.25	2.25	2.25
The Myers Group	Total	1.80	1.90	2.00	2.00	2.00
	Core	2.25	2.25	2.25	2.33	2.33
Nippon Express	Total	**2.13**	2.04	**2.18**	**2.17**	**2.19**
	Core	2.40	2.40	**2.80**	**2.80**	**2.80**
Panalpina	Total	**2.32**	**2.22**	**2.23**	**2.14**	**2.04**
	Core	**2.72**	**2.67**	**2.61**	**2.78**	**2.59**
Pilot Air Freight	Total	**2.23**	**2.19**	**2.20**	**2.15**	**2.28**
	Core	**2.57**	**2.43**	**2.57**	**2.57**	**2.71**
Schenkers Int'l	Total	2.06	2.06	**2.11**	2.02	1.98
	Core	2.33	2.33	2.33	2.17	2.25

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Quality of the sales force is the factor mentioned most often by ocean shippers when asked what sets carriers apart.

"The carrier we use has knowledgeable staff throughout their organization," says Gene Seigal, operations manager for Safeskin Corp. in San Diego. "They provide consistent, reliable service." A manager of international transportation says his carrier is on time, has good customer service, responds quickly to problems and questions and has a knowledgeable sales staff. "They have got their act totally together," he says.

"Our carrier has an excellent sales force. They react quickly in regard to requested rates and information, and they make frequent personal calls," says one shipper. Another says her carrier "is the only one we deal with that always has good containers, prompt information on pickups, efficient check-ins and interested personnel who are willing to take responsibility."

"Our carrier is consistently on schedule, and its sales people are operations-oriented, so they don't promise what they can't deliver," adds Jeffrey Amos, president of Jeffrey Amos & Associates in Long Beach, Calif. "They also have a willingness to negotiate rates."

Rate "flexibility" is mentioned by many shippers as a trait they look for in an ocean carrier. Del Brahm, president of Brahm & Krenz, a freight forwarder in Wauwatosa, Wis., singles one carrier out for its "competitive freight rates on oversize and RoRo cargo." Kelly A. McAleese, inventory manager for Polypro International in Minneapolis, Minn , says her carrier is "willing to offer guaranteed pricing via contract." Charlene Luo, traffic administrator for Everex Systems in Fremont, Calif., says she prefers one ocean carrier for its on-time service, cooperative attitude—and its willingness to take independent action. "They understand our business," she says.

OCEAN CARRIERS

		On-Time Perf.	Value	Equip. & Opers.	Customer Service	Admin. & Staff
AVERAGE*	Total	**2.33**	**2.21**	**2.24**	**2.19**	**2.17**
	Core	**2.60**	**2.46**	**2.47**	**2.43**	**2.43**
APL	Total	**2.38**	2.17	**2.43**	2.16	2.15
	Core	2.59	2.27	**2.68**	2.27	2.36
ANZDL	Total	**2.41**	2.17	2.21	**2.41**	**2.24**
	Core	**2.62**	2.31	2.23	**2.62**	2.38
ACT/PACE	Total	2.25	2.05	2.16	2.11	2.16
	Core	2.57	2.29	**2.57**	**2.71**	**2.71**
ACL	Total	2.28	2.15	2.21	2.13	2.10
	Core	2.30	2.40	2.20	2.00	2.20
Cast North America	Total	2.13	**2.27**	2.20	**2.27**	**2.20**
	Core	2.40	**2.80**	**2.60**	**2.80**	**2.60**
CGM French Line	Total	2.28	**2.21**	2.08	2.08	2.12
	Core	2.50	2.38	2.38	2.25	2.38
Columbus Line	Total	**2.50**	2.17	**2.40**	**2.30**	**2.30**
	Core	**2.75**	**2.63**	**2.63**	2.38	**2.63**
Crowley Maritime	Total	**2.65**	**2.21**	**2.36**	**2.36**	**2.27**
	Core	**2.86**	**2.50**	**2.64**	**2.50**	**2.43**
Evergreen Lines	Total	2.20	**2.37**	2.16	1.98	1.98
	Core	2.45	**2.60**	2.30	2.15	2.25
Hanjin	Total	2.32	**2.41**	2.14	2.09	2.09
	Core	2.43	**2.71**	2.29	2.14	2.14
Hapag/Lloyd	Total	**2.49**	**2.29**	**2.49**	**2.48**	**2.33**
	Core	**2.79**	**2.47**	**2.74**	**2.76**	**2.61**
Ivaran Lines	Total	2.19	2.05	1.95	1.95	1.95
	Core	**2.67**	2.00	2.00	2.00	2.00
K Line	Total	2.30	**2.24**	**2.31**	2.06	2.06
	Core	2.56	2.22	**2.56**	**2.44**	**2.44**
Lykes Line	Total	**2.34**	2.03	2.18	**2.24**	2.12
	Core	2.55	2.00	2.45	**2.64**	2.36
Maersk Line	Total	**2.47**	2.15	**2.46**	**2.31**	**2.23**
	Core	**2.63**	2.33	**2.75**	**2.50**	2.33
Matson Navigation	Total	**2.50**	2.13	**2.43**	**2.21**	**2.29**
	Core	**2.86**	2.29	2.43	**2.43**	**2.43**
Mitsui O.S.K. Line	Total	2.31	**2.28**	2.16	2.13	2.16
	Core	2.54	**2.54**	2.38	**2.54**	**2.46**
NYK Line	Total	**2.35**	**2.26**	2.23	**2.19**	**2.26**
	Core	**2.62**	2.38	**2.54**	**2.46**	2.38
Nedlloyd Lines	Total	2.18	2.18	2.19	**2.19**	2.12
	Core	**2.78**	**2.78**	**2.75**	**2.75**	**2.75**
Neptune Orient Lines	Total	**2.55**	**2.65**	**2.45**	**2.70**	**2.55**
	Core	**2.78**	**2.89**	**2.56**	**3.00**	**2.89**
OOCL	Total	2.09	2.15	2.06	1.97	2.00
	Core	**2.67**	**2.67**	2.33	**2.50**	**2.67**
P&O Containers	Total	**2.45**	**2.35**	2.17	**2.44**	**2.44**
	Core	**2.63**	**2.50**	**2.57**	**2.71**	**2.86**
Polish Ocean Lines	Total	1.94	2.31	1.94	1.81	1.94
	Core	2.00	**2.75**	1.75	1.50	2.00
Sea-Land Service	Total	**2.35**	2.14	**2.26**	**2.19**	**2.21**
	Core	**2.73**	**2.50**	**2.50**	**2.50**	**2.52**
Senator Line	Total	1.93	**2.33**	1.93	1.93	2.14
	Core	1.80	**3.00**	1.80	2.00	2.40
Zim Container	Total	2.29	**2.22**	2.09	**2.26**	**2.30**
	Core	**2.75**	**2.75**	2.25	**2.75**	**2.50**

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Aggressive is an adjective not traditionally used to describe the nation's major railroads. Yet it is invoked more frequently when shippers discuss the railroads of today. Clearly, these carriers are not the same animals they were a dozen years ago. They are increasingly flexible, responsive and service-oriented.

To wit: George Murphy, rail fleet coordinator for Amoco Chemical in Chicago, recently ordered a car from a carrier and had an uneasy feeling that the customer service rep who handled the transaction did not understand the requirements. Twenty minutes after he hung up, a supervisor called back to say that the order didn't look right to her, and she thought she should check it out. It turned out to be wrong. "That saved me so much headache," Murphy says. "As a shipper, being proactive is something you prize in a carrier."

While the railroads are busy ironing out the problems and perceptions of the past, they also are pressing every advantage they have in the present, and shippers are responding. "Our carrier understands who the competition is and they are aggressive enough to negotiate rates that take freight off the highway and put it onto the rail," says William Price, distribution manager for U-Haul's Eastern Redistribution Center in Horsham, Pa.

"Our carrier has excellent local switching, an EDI linkup, provides hopper car equipment as requested and has an excellent means to track and recap transit performance," adds Carl D. Hoy, distribution manager for Cargill, Inc. in Dayton, Ohio.

The success of long-haul rail service often depends on the ability of two or more carriers to work together, and shippers applaud when carriers excel in this area. "We recognized one railroad due to their willingness to interface with other rail carriers in a prompt, efficient manner," says John J. Fay, vice president of Korea Express in Secaucus, N.J.

MAJOR RAILROADS

		On-Time Perf.	Value	Equip. & Opers.	Customer Service	Admin. & Staff
AVERAGE*	Total	**2.09**	**2.09**	**2.07**	**2.07**	**2.06**
	Core	**2.17**	**2.21**	**2.14**	**2.20**	**2.19**
Burlington Northern	Total	**2.14**	2.04	2.06	**2.07**	1.88
	Core	**2.26**	2.19	**2.15**	2.19	1.98
CSX Transportation	Total	2.01	2.05	**2.21**	**2.20**	**2.08**
	Core	2.04	2.06	**2.19**	**2.26**	2.13
Canadian National	Total	1.95	**2.14**	2.03	**2.11**	**2.08**
	Core	2.10	**2.33**	**2.22**	**2.44**	**2.44**
Canadian Pacific	Total	2.08	2.03	1.91	**2.09**	1.94
	Core	2.14	2.15	2.00	**2.31**	**2.23**
C&NW	Total	2.04	**2.22**	1.98	**2.08**	2.04
	Core	2.09	**2.50**	2.00	**2.23**	2.14
Conrail	Total	**2.17**	2.05	**2.13**	2.00	**2.07**
	Core	**2.30**	**2.23**	**2.22**	2.15	**2.30**
Delaware & Hudson	Total	1.80	1.84	1.83	1.72	1.83
	Core	2.00	2.00	2.00	2.00	2.00
Florida East Coast	Total	**2.37**	2.06	**2.11**	2.05	2.05
	Core	**2.33**	**3.00**	**3.00**	**2.33**	**2.33**
Grand Trunk Western	Total	1.96	2.08	1.88	2.07	**2.11**
	Core	**2.25**	**2.33**	1.67	**2.50**	**2.50**
Illinois Central	Total	2.00	**2.12**	1.97	2.02	**2.12**
	Core	**2.20**	**2.36**	**2.17**	**2.27**	**2.47**
Kansas City Southern	Total	1.97	**2.13**	1.97	2.06	1.94
	Core	2.00	2.11	1.63	2.20	2.00
Norfolk Southern	Total	**2.35**	**2.15**	**2.23**	**2.19**	**2.21**
	Core	**2.40**	2.20	**2.21**	**2.22**	**2.30**
Santa Fe	Total	**2.10**	2.05	**2.11**	2.02	2.03
	Core	2.03	2.10	2.10	1.97	2.00
Soo Line	Total	**2.13**	**2.13**	1.97	2.05	2.03
	Core	**2.46**	**2.31**	**2.27**	**2.38**	**2.38**
Southern Pacific	Total	1.79	1.93	1.85	1.78	1.94
	Core	1.87	2.03	1.85	1.90	2.03
Union Pacific	Total	**2.28**	**2.26**	**2.32**	**2.29**	**2.31**
	Core	**2.20**	**2.38**	**2.34**	**2.35**	**2.31**
Wisconsin Central	Total	**2.43**	**2.30**	**2.27**	**2.17**	**2.26**
	Core	**2.67**	**2.33**	**2.33**	**2.50**	**2.67**

** Averages calculated on basis of data for all carriers in category, not just those listed. Scores at or above average appear in boldface.*

STRIKING GOLD
Carriers Show Their Mettle

Shippers have strong feelings about which modes of transportation are providing quality service, and which are just going through the motions.

If there is one event in the Olympics that can best be compared to the freight transportation industry, it has to be the decathlon. To excel in this grueling event, the athlete must have strength, speed, flexibility and endurance. For a freight transportation company to win the praise—and the business—of a customer, it must be fast, dependable, cost-competitive, service-conscious and innovative.

According to a six-part reader poll DISTRIBUTION conducted over several months, each modal group has its strengths and weaknesses.

- Air shippers like the service, but they think rates are too high.
- LTL shippers are pleased with rates and service, but want simpler tariffs, more accurate billing and more attention to problem resolution.
- TL shippers are satisfied with on-time service and the willingness to develop partnerships, but customer service remains a problem.
- Rail shippers are surprisingly satisfied with their rates, but they say their service problems need industry-wide attention.
- Intermodal shippers love their rates, and most are happy with transit times they say are competitive with truck service. Their complaints are with poor equipment and unknowledgeable sales people.
- Ocean shippers have no complaints about schedules and transit times, but they think carriers must improve their pricing by taking more independent action.

This Quality Poll is quite different from DISTRIBUTION's Quest for Quality survey that very precisely reports how shippers rate specific carriers (see page 32). This Quality Poll is intended to take a broader look at how shippers think each transportation mode performs and how its quality should be measured.

Each month, from January through June, we asked our readers to complete a form in the magazine that required detailed information about how they measure the performance of all carriers in a specific mode of transportation. We wanted to know whether or not they had a formal quality program, and if so, what were the criteria? If they did not, we wanted to know why. We also asked our readers to weigh 10 or 11 performance criteria and to tell us which activities carriers in that mode performed well and which needed improvement. Finally, we asked our readers to name any carriers they recognized for quality performance, and why.

For more than half the nearly 500 respondents in our poll, this task was easy, because they already have formal quality measurement programs that track such information. The other half had to think about transportation quality in highly specific terms. This was a difficult task for many of them, and we appreciate their effort. And even though this group said that an ongoing formal quality program would require too much time and personnel, we hope this exercise and the following report will encourage them to look into such a quality evaluation process. Quality for shippers and carriers comes only from relentless efforts to constantly improve.

continued

EXTRA EFFORT
The LTL Difference

Just doing a good job isn't enough for today' shippers. They want their carriers to be problem solvers, and they reward those that go the extra mile.

Shippers with formal LTL quality programs:

Yes: 54% No: 46%

How LTL shippers weigh carrier performance:

- **29%** On time PU&D
- **19%** Competitive rates and contract prices
- **11%** Dependable schedules and transit times
- **8%** Claims-free service
- **6%** Ability to trace shipments
- **6%** Billing accuracy
- **5%** Ease of problem resolution
- **5%** Quality and supply of equipment
- **4%** Sales force knowledge
- **4%** EDI capability
- **3%** Simplicity of tariffs and rules

Three most common reasons shipper don't have LTL quality program:

1. Not enough personnel
2. Not enough time
3. Decision making is too decentralized

Five LTL carriers most often recognized in formal quality programs (in alphabetical order):

ABF Freight System
CF MotorFreight
Roadway Express
Overnite Transportation
Yellow Freight

Five LTL companies mentioned most often as "outstanding" by shippers (in alphabetical order):

ABF Freight System
CF MotorFreight
Roadway Express
TNT Holland
Yellow Freight

Three things LTL carriers do best:

1. On time PU&D
2. Competitive rates and contract prices
3. Ability to trace shipments

Three things LTL carriers must improve upon:

1. Simplicity of tariffs and rules
2. Billing accuracy
3. Ease of problem resolution

LTL shippers in our quality poll expect good service and reasonable rates from their carriers, and the vast majority of these shippers believe LTL carriers provide these basics. And while these shippers base about 60 percent of their carrier selection decision on such factors as on-time PU&D and competitive rates, they clearly appreciate those carriers that understand the meaning of extra effort.

"Roadway actually went to another major carrier's terminal and picked up material we needed desperately to save three days of production downtime," says Monty Vogue, warehouse supervisor for Morton International in West Alexandria, Ohio.

For many shippers and LTL carriers, such high performance is fast becoming a normal part of their business arrangements.

"Our JIT environment with Nissan often requires us to provide sameday service," says Elwin Proctor, a supply chain manager with KSG Inc., in Antioch, Tenn. "Central Transport has picked up shipments as late as 5:00 p.m. and delivered to Nissan at 10 p.m. They have provided this service with just a phone call."

Shippers in our survey say they are willing to show their appreciation to such high-performance carriers with more traffic and a closer relationship with all carrier affiliates.

Harley Davidson's general manager for transportation in York, Pa., Tom Schwarz, says he has been using CF MotorFreight for 10 years, and that relationship has caused him to use other CF companies including CCX, CEX and Emery Worldwide. "All have delivered continuously improving, on-time delivery performance (97 percent) at extremely low damaged freight levels (0.1 percent)," says Schwarz.

The largest LTL carriers received the most comments in our survey, but shippers were equally complimentary about the services of many regional carriers.

Deborah Yemm, vice-president of Yemm & Hart, Ltd., in Marquard, Mo., appreciates Beaufort Transfer because it "serves us in a remote location when other carriers don't think we are worth the trouble."

Shippers especially like the extra services that many regional LTL carriers willingly perform. Chris Cooper, traffic manager for Paul Jeffrey Co. in Syracuse, N.Y., praises New England Motor Freight because it pre-books all delivery appointments from the local terminal, and it stretch-wraps and labels each pallet with important information such as the consignee, number of pieces, weight and delivery time.

More than half the shippers responding to this poll have formal LTL quality programs. Measuring carrier performance is a positive exercise intended to recognize the best, says William J. Dowling, executive vice president for Warehouse Distribution Services in Atlanta, Ga. Southeastern Freight Lines is at the top of his list with on-time delivery of 96.2 percent, no claims and 100 percent pickup efficiency.

There are only a few areas where LTL carriers as a group don't measure up. Shippers still believe tariffs and tariff rules are too complicated. They give LTL carriers low marks for billing accuracy, and they want LTL carriers to focus more on resolving problems.

ON-TIME
The TL Bottom Line

As shippers increasingly consider TL carriers to be extensions of their operations, they are looking for carriers with near-perfect service.

Shippers with formal TL quality programs:

Yes: 55% No: 45%

How TL shippers weigh carrier performance:

38% On time PU&D
13% Consistent transit times
11% Competitive rates and contract prices
8% Quality and supply of equipment
7% Claims-free service
6% Value of service regardless of price
5% Willingness to negotiate
4% Ease of problem resolution
3% Sales force knowledge
3% Satellite tracking capability
2% EDI capability

Three most common reasons shipper don't have TL quality program:

1. Not enough personnel
2. Decision making is too decentralized
3. Not enough time

Five TL carriers most often recognized in formal quality programs (in alphabetical order):

C.R. England & Sons
J.B. Hunt
Ranger Transportation
Schneider National
Werner Enterprises

Five TL companies mentioned most often as "outstanding" by shippers (in alphabetical order):

C.R. England & Sons
CRST
J.B. Hunt
Schneider National
Werner Enterprises

Three things TL carriers do best:

1. On time PU&D
2. Consistent transit times
3. Competitive rates and contract prices

Three things TL carriers must improve upon:

1. Ease of problem resolution
2. On-time PU&D
3. Sales force knowledge

On-time service and consistent transit times make up more than half of the carrier selection criteria for TL shippers in our survey. The reason service is so important for these shippers is that their TL carriers are often their lifeline to suppliers and customers.

"When we had an urgent need to avoid a production stoppage, Poole Truck Line provided two team drivers from Washington state to make a quick delivery," says M. B. Kellett, vice-president of manufacturing for Medical Disposables in Marietta, Ga. "Poole is a truckload carrier that has performed excellently during the last two years. It is now our sole TL carrier."

Dennis Webber, logistics manager for Interstate Brick in West Jordan, Utah, had a similar emergency. He turned to C. R. England & Sons. "We had a hot load that had to arrive in four-and-a-half days," he says. "C.R. England moved it 1,822 miles in two days."

The majority of these demanding shippers in our survey agree that TL carriers are meeting the constant challenge of on-time service.

"Werner Enterprises has been very responsive to our sometimes impossible needs," says Dale Sheehan, corporate transportation analyst for Conair Corporation in East Windsor, N.J. "Werner has helped immensely with our manufacturing facility, which is located in an out-of-the-way area."

Many shippers in our survey said they increasingly depend on TL carriers to be competitive with high service levels. William Wyssbrod, director of materials for Alsco, Co., a vinyl siding manufacturer in Olive Branch, Miss., says his company's markets are in the North, and that is where the competitors are located. "We have been able to beat these competitors with the on-time dependable service we have received from M.S. Carriers since they have been our primary TL carrier."

Ron Farquarson, traffic manager for Tru-Weld Grating in Wexford, Pa., says Mercer Transportation has improved his customer service.

"I ship from six locations across the U.S., and I have used Mercer at each one," says Farquarson. "They allow me to make solid service commitments to my customers."

Because of this dependence on TL carriers for good service, shippers look to them for long-term partnerships.

Monsanto Chemicals and Bee Line Trucking have formed a working partnership for Monsanto's hazardous transportation needs. Jim Champion, logistics manager for Monsanto in Sauget, Ill., says Bee Line's "drivers exhibit daily a total quality ownership for all moves."

While the largest and best known TL carriers were cited most often for their good service, the TL shippers in our survey named more than 130 carriers as *their* choice. Shippers obviously do not think that size has much to do with service.

Bruce C. Balchunas, director of operations for Northeast Warehouse & Distribution, Ltd., in Monson, Mass., picked Lydall Express of Manchester, Conn., as his top TL carrier. "They have an excellent support staff complemented by an equally efficient sales and logistics department that solves most problems before they happen," he says.

SERVICE!

The Rail Shippers' Demand

Most rail shipments move over several railroads, so shippers want the rail industry to take a system-wide approach to providing better service.

Shippers with formal rail carrier quality programs:

Yes: 57% No: 43%

How rail shippers weigh carrier performance:

- **30%** Reliable transit times
- **22%** Competitive rates and contract prices
- **10%** Condition and supply of equipment
- **9%** Willingness to negotiate
- **8%** Sales force knowledge
- **5%** Easy, accurate tracing
- **5%** Billing and rating accuracy
- **5%** Value of service regardless of price
- **4%** Directness of routing
- **2%** Usefulness of EDI systems

Three most common reasons shipper don't have rail quality program:

1. Not enough personnel
2. Not enough time
3. Decision making is too decentralized

Five rail carriers most often recognized in formal quality programs (in alphabetical order):

Burlington Northern
CSX
Conrail
Norfolk Southern
Union Pacific

Five rail carriers mentioned most often as "outstanding" by shippers (in alphabetical order):

Burlington Northern
CSX
Conrail
Southern Pacific Lines
Union Pacific

Three things rail carriers do best:

1. Competitive rates and contract prices
2. Easy, accurate tracing
3. Directness of routing

Three things rail carriers must improve upon:

1. Reliable transit times
2. Willingness to negotiate
3. Condition and supply of equipment

Rail shippers know their carriers very well. Almost 60 percent of the shippers in our survey carefully track the quality of service their rail carriers provide, and they clearly have mixed feelings. They give the railroads good marks for competitive pricing. But shippers in our survey say reliable transit times are the most important variable in the rail carrier decision, and it is the one thing they are not getting. In fact, the rail portion of our 1992 Quality Poll produced more negative comments than any other. While some shippers had specific complaints about particular carriers, the peculiarities of our rail system are at the root of the problem. Many shippers are captive to one railroad for their origins and destinations. At the same time, the vast majority of rail movements are interlined with at least one other carrier.

Barry Recht, corporate manager of transportation operations for Babcock & Wilcox in Barberton, Ohio, explained the problem very well.

"No one railroad can be outstanding when all must interchange with each other," says Recht. "It is difficult for a shipper to assess the performance of individual rail carriers. A good performance by one carrier can be offset by a poor performance by the interline carrier. Our management doesn't care who did well, only that the entire move went well. The rail industry has yet to address this issue on a system-wide basis."

Other shippers in our survey were enthusiastic about their rail carriers, not just for their service but for their ability to operate so well in such a difficult industry.

Floyd Bergsma, owner of Frieslander Bank in Santa Ana, Calif., says his company has been involved in transportation and shipping throughout the world since the thirteenth century. He ranks three U.S. railroads as truly world class.

"CSX is one of the best transportation systems in America," says Bergsma, who also says the Union Pacific and the Norfolk Southern "give their all" to provide the best service. He compliments the U.S. rail industry for succeeding despite "1930-vintage rail rules" and for introducing "new blood with new ideas" to revitalize the rail industry.

While a number of shippers mentioned labor issues as a problem, many shippers said the individual efforts of rail workers was what impressed them the most.

Dennis Webber, logistics manager for Interstate Brick in West Jordan, Utah, said his company gets precisely what it needs from the Southern Pacific Lines (D&RGW) because of the people he deals with.

"The sales representative we deal with is responsive," says Webber. "He knows our company needs and works hard to fulfill our needs. This carrier also has one of the best, if not the best, trainmasters in the area. That makes a big difference."

Shippers that are served by more than one railroad were the most satisfied respondents in our survey.

Roly Worth, vice-president and general manager for Merchants Distribution in Des Moines, Iowa, says he is served by both the Norfolk Southern and the Burlington Northern. "Both companies embrace our company as a partner, marketing our services along with theirs and vice versa," says Worth.

PRICE & SERVICE
An Intermodal Double Play

The ranks of intermodal shippers are among the most satisfied in our survey. They receive exactly what they want: low cost and high service.

Shippers with formal intermodal quality programs:

Yes: 55% No: 45%

How intermodal shippers weigh carrier performance:

- **22%** Competitive rates and contract prices
- **17%** Single-vendor, door-to-door service
- **15%** Transit times competitive with truck
- **9%** Responsiveness of dray operators
- **8%** Condition and supply of equipment
- **7%** Value of service regardless of price
- **7%** Easy, accurate tracing
- **6%** Sales force knowledge
- **5%** Billing and rate accuracy
- **4%** Size of origin/destination service area

Three most common reasons shipper don't have intermodal quality program:

1. Not enough time
2. Not enough personnel
3. Existing service excellent

Five intermodal carriers most often recognized in formal quality programs (in alphabetical order):

APL Land Transportation
Alliance Shippers
CSX Intermodal
The Hub Group
Mark VII

Five intermodal companies mentioned most often as "outstanding" by shippers (in alphabetical order):

Alliance Shippers
GST
The Hub Group
Mark VII
Riss Intermodal

Three things intermodal carriers do best:

1. Competitive rates and contract prices
2. Single-vendor, door-to-door service
3. Transit time competitive with truck

Three things intermodal carriers must improve upon:

1. Transit time competitive with truck
2. Condition and supply of equipment
3. Sales force knowledge

Intermodal shippers know what they want, and they aren't afraid to admit it. Price is their primary concern. In fact, it amounts to nearly one quarter of the total decision. But they also want service competitive with trucks, and they want one intermodal service provider to take full door-to-door responsibility.

This combination of demands is a lot to ask for, but intermodal shippers generally agree that their carriers are meeting these three needs.

"GST sees that all my requirements are met," says Richard M. Davis, transportation supervisor for Union Camp in Savannah, Ga. "Their rates are competitive, the shipments move on time and they provide tracing and accurate reports."

Many shippers still look to intermodal to fill very basic needs, and they often go directly to the railroads. J.D. Youngblood, manager of transportation for the G.E. Appliance Division in Louisville, Ky., says the Santa Fe meets his needs with "consistent, on-time delivery between Chicago and Los Angeles."

However, shippers increasingly are looking for more complex transportation services, and the ranks of third parties is the place shippers are finding what they need.

Tom Carpenter, assistant group manager for Georgia Pacific Corp. in Atlanta, Ga., says "Mark VII is clearly the most outstanding intermodal partner we deal with. They have simply become an extension of our logistics group. They understand our business as well as we do, sometimes better."

Burnell Bowling, pricing and service representative for General Foods in Northfield, Ill., sees his third party leading the way to innovation in intermodal services.

"The Hub Group had its sights set toward the future when it established Hub Logistics," says Bowling. "They provide us with tremendous amounts of information, and the ability to manage movements all over the country. They are a fine example of leadership in an industry seeking ways of being better."

Shippers used to dealing with motor carriers for high service needs are finding that their normal carriers are climbing aboard the intermodal bandwagon.

Marvin J. Robinson, manager of General Conference Transportation Service in Baltimore, Md., says Carolina Freight Carriers "have proven themselves to be an excellent intermodal carrier" even for international movements.

"Carolina has moved both LTL shipments and full containers with 100 percent success," says Robinson. "My consignees overseas have been delighted with the international service, rates and transit times. Their ability to handle documentation has been excellent as well."

According to our survey, one of the main criticisms shippers have about intermodal operators is that they do not make enough effort to learn about the shipper's business.

Donald C. Garland, director of transportation for Tri-Valley Growers in San Francisco, Calif., says his intermodal carrier is one company that is working to change this image.

"Riss Intermodal is developing the knowledge about canned goods shipments they need to understand our requirements and those of our receivers," says Garland.

RATES MATTER

Shippers Want Flexibility

International trade is highly competitive, and ocean shippers want carriers that are willing to help them with the right rates and service.

Shippers with formal ocean carrier quality programs:

Yes: 33% No: 67%

How ocean shippers weigh carrier performance:

- **22%** Competitive rates & prices
- **19%** Consistent sailing schedules
- **11%** Container supply and quality
- **10%** Availability of door-to-service
- **9%** Number of sailings and ports
- **6%** Single carrier responsibility
- **6%** Sales force knowledge
- **6%** Willingness to take independent action
- **5%** Value of service
- **4%** Broad global coverage
- **2%** Handles LCL, Ro/Ro and breakbulk

Three reasons why shippers don't have ocean carrier quality programs:

1. Not enough time
2. No enough personnel
3. Existing service excellent

Five ocean carriers most often recognized in formal quality programs (in alphabetical order):

American President Lines
Maersk Inc.
NYK Line
OOCL
Sea-Land Service

Five ocean companies mentioned most often as "outstanding" by shippers (in alphabetical order):

American President Lines
Atlantic Container Line
Maersk Inc.
Neptune Orient Line
Sea-Land Service

Three things ocean carriers do best:

1. Consistent sailing schedules
2. Door-to-door service
3. Single carrier responsibility

Three things ocean carriers must improve upon:

1. Willingness to take independent action
2. Sales force knowledge
3. Value of service

Only one-third of the shippers in our survey reported they had quality measurement programs for their ocean carriers. That is the smallest percentage for any of the modes in our survey.

This small percentage is especially surprising because the ocean shippers are among the least satisfied respondents in our quality poll. Ocean shippers say they put the greatest weight on competitive rates, consistent sailings and container supply and quality when they select carriers. The only one of these selection criteria that the shippers say their carriers do well is providing consistent sailing schedules. Shippers give their ocean carriers low marks for value of service compared to price. They also find fault with their carriers for their unwillingness to take independent action to provide more competitive rates.

However, the shippers that do measure their ocean carriers are more satisfied. D.D. Wolfe, international transportation manager for Michelin Tire in Greenville, S.C., says his company has a detailed and ongoing quality process. "Columbus Lines was the winner of our last survey," says Wolfe. "They not only meet, they exceed all criteria for which ocean carriers are measured."

R.B. Banghart, senior logistics specialist for ICI Americas Inc., in Wilmington, Del., says his company carefully tracks its ocean carriers, and his top choice is Maersk. "Their operations are performed extremely well," he says. "Their containers are clean and ready for our use in shipping food-grade products. Their sailing dates are never changed. They are a superior carrier."

Schwinn Bicycle Company's Transportation Logistics Manager, Louis Paoli, also has stringent requirements. He says American President Lines meets them.

"We have a long-term relationship with APL," he says. "They have always provided space, containers and excellent schedules. Their dedicated stacktrain service is extremely reliable. Their sales people understand our requirements."

Barry Horowitz, director of international transportation for Nike, Inc., in Beaverton, Ore., says he has developed strong relationships with two ocean carriers—NYK and MOL.

"Both provide Nike with superior service quality," says Horowitz. "They have a degree of understanding of our business and their roles as service providers. Their personnel are of higher professional quality and our companies do business on a broad, worldwide basis."

The vast majority of shippers answering our quality poll this year said they depended primarily on the major U.S.- and foreign-flag carriers. However, a surprising number of small shippers said they depend totally on intermediaries to handle their ocean transportation.

A small shipper in Clearfield, Utah, says Viking Freight System, the California-based regional motor carrier with non-vessel operating common carrier (NVOCC) status, provides the service he needs.

"We ship a great deal of merchandise to Hawaii and Guam, and not always in large quantities," says Vern Waters of Ingram Warehousing. "Viking Freight System is the only carrier we have found locally that will carry our shipments."

LOWER RATES
Air Shippers Want Them

All airfreight companies—airlines, forwarders and integrated carriers—receive excellent marks for service, but shippers think rates are too high.

Shippers with formal air carrier quality programs:

Yes: 46% No: 54%

How air shippers weigh carrier performance:

21% Dependable schedules and transit times
17% Competitive rates and prices
16% Door-to-PU&D
8% Billing accuracy
7% Broad geographic coverage
6% Ease of problem resolution
6% Accepts all size of freight
6% EDI shipment status
5% Sales force knowledge
5% Multiple service levels
3% Adequate airlift

Three most common reasons shipper don't have air carrier quality program:

1. Not enough time
2. Not enough personnel
3. Existing service is excellent

Five air carriers most often recognized in formal quality programs (in alphabetical order):

Airborne Express
BAX
Emery Worldwide
Federal Express
UPS

Five air companies mentioned most often as "outstanding" by shippers (in alphabetical order):

Airborne Express
BAX
Federal Express
Seko Air Freight
UPS

Three things air carriers do best:

1. Door-to-door PU&D
2. Broad geographic coverage
3. Dependable schedules and transit times

Three things air carriers must improve upon:

1. Competitive rates and prices
2. Ease of problems resolution
3. Accepts all sizes of freight

Airfreight shippers enthusiastically embrace the door-to-door service, highly dependable transit times and virtually global coverage they receive from their air carriers and forwarders. But shippers are not at all happy with rates for many airfreight companies. This is an important message for the air industry since rates are the second most important selection criteria shippers reported in our air carrier quality poll.

The air carriers that offered their customers good rates, in addition to good service, received a great deal of favorable comment from our respondents.

"Airborne Express does a quality job at a competitive price," says George Yarusavage, corporate manager of transportation for GTE in Stamford, Conn. "We give them over 2,500 packages a day and have negligible problems. No one can beat their commitment to quality."

Good service, of course, was the primary concern of all the shippers answering our survey. "We need, and receive 100 percent dependability," says Roz Lenzke, customer service manager of exports for Racine Industries, Inc. in Racine, Wisc., who says she must have it all from an airfreight company. "Emery Worldwide consistently has provided excellent service, a knowledgeable sales force, no errors *and* good rates."

The so-called integrated air carriers received the greatest number of comments in our survey, but scheduled airlines and forwarders also received their share of praise.

Jess Chance, terminal supervisor for Farmland Foods in Denison, Iowa, said that United Airlines had the rare combination of capabilities he needed. "UAL has specialized refrigerated service, competitive rates and adequate lift," he said.

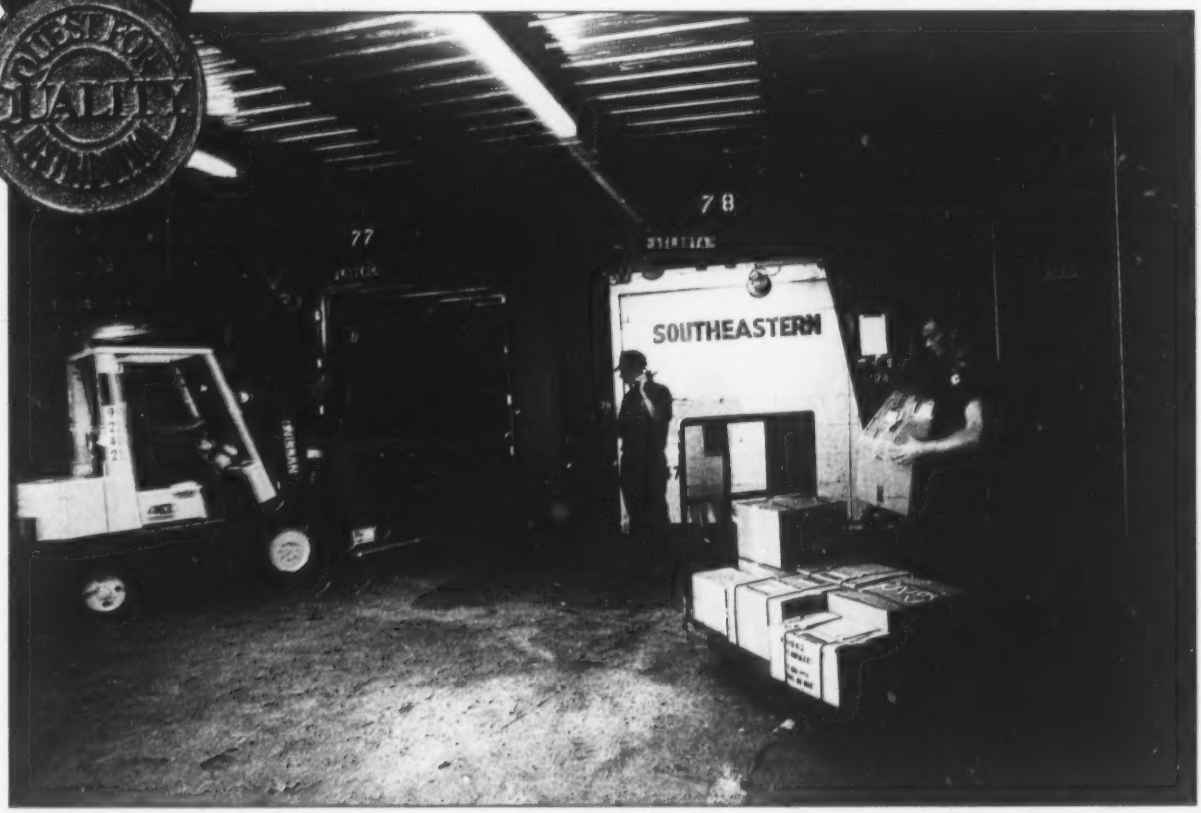
Eugene Graves, manager of corporate transportation for Armco Advanced Materials in Butler, Pa., says shipping to Europe is a special concern of his: "Air France is the one carrier that offers quick, cost competitive service throughout most of Europe."

Forwarders received the most kudos for avoiding a common gripe with airfreight companies: problem resolution.

"Pilot Air Freight is an excellent communicator as well as a forwarder that delivers what it promises," says L. Angenola, traffic manager for Pirelli Armstrong Tire Co. in New Haven, Conn. "Their sales people are honest. If there is a service failure, we, the shipper, know about it first."

The last major complaint shippers in our survey expressed was that some air carriers still do not handle all sizes of freight from envelopes to LTL-size shipments. They want carriers that will take all their freight.

"Federal Express can move any size package anywhere," says J.M. Lepore, customer support/export coordinator for Questek, Inc. in Billerica, Mass. "Fed Ex has consistently exhibited superior service to my company over the past 10 years. The rates are extremely competitive with other airfreight carriers, the customer service is unparalleled, and their delivery commitments have never been compromised. In addition, Fed Ex has 'rescued' our freight from other carriers who could not meet our delivery requirements on more than a few occasions."



ENCOURAGING CARRIERS TO GO FOR THE GOLD

Handing out quality awards to motivate carriers may seem trite, but for companies that take the process seriously, like Westinghouse, the rewards can be significant.

By E.J. Muller, Senior Editor

Westinghouse Electric Corporation, based in Pittsburgh, Pa., believes that its Carrier Quality Measurement Program has been a key factor in steadily improving transportation service levels. The company has had a formal quality recognition process in place since 1989, and during that time it's awarded 24 quality awards to vendors. This year, Westinghouse bestowed its coveted Gold Award on only 10 of its 90 transportation vendors. Winners were Roberts Express; Spartan Express; ANR Freight Systems; CF MotorFreight; Southeastern Freight Lines; Yellow Freight System; Atlas Van Lines; Avis Rent-a-Car; Roadway Package System, and Federal Express.

continued

"The incentive that the program gives to our carriers has helped us tremendously," says Westinghouse's Director of Transportation and Logistics Programs, Jeff Neubert. "Since we began the program, we've seen a dramatic increase in carriers' service levels."

If your company is considering such a program, be forewarned that creating and maintaining it is not easy. "This thing can really gobble you up," says Director of Transportation John Power. When the program was devised, he recalls feeling bad for the carriers, because everyone had different ideas about what should be measured. "It was undoubtedly challenging and time-consuming for the carriers," he notes. Unless you have a way of automating the process, incoming data from carriers can create an overload of paperwork.

"In the past we requested raw data from the carriers," explains Neubert. "We'd then crunch the numbers ourselves. Because of the time it took, we only generated feedback for carriers twice a year." Today, however, carriers have upgraded their internal systems to the point where they can provide monthly pre-crunched reports. This enables Westinghouse to analyze performance more swiftly, and provide vital feedback on a monthly basis, leading to quicker identification of problems and solutions. Westinghouse performs peri-

"Since we began the program we've seen a dramatic increase in carriers' service levels," says Jeff Neubert, Westinghouse's director of transportation and logistics programs

Shipper Quality Awards

Shipper	Carriers Recognized
3M Co.	A. Duie Pyle, Advance Transportation, American President Lines, A-P-A Transport, APL Land Transport, Averitt Express, Berger Transfer & Storage, Burlington Ocean Express, Canada Maritime, Ltd., Circle Freight Int'l, D&T Trucking, Federal Express, KLLM, Midwest Coast Transport, Motor Cargo, Norfolk Southern, Preston Trucking, Schneider National, Southeastern Freight Lines, TNT Holland Motor Express, TNT Reddaway Truck Line, Transport America, Viking Freight System, Wisconsin Central, Yellow Freight System
Allied-Signal	GE Capital Railcar Repair Services
American Honda Motor Co.	Customized Transportation, Inc.
Arco Chemical	Bulkmatic Transport, Enterprise Transportation, DSI Transports, Dana Transport, Crete Carrier Corp., FTR Transportation, Boncosky Transportation Services, Matlack, Swift Transportation, Younger Brothers, Highway Transport
AT&T	Airborne Express, Pilot Air Freight, CRST, Hall Systems, Consolidated Freightways, AAA Cooper Transportation, Federal Express, Heartland Express, Ring Transfer, South Bend Freight Line
Baxter Healthcare	Atlas Van Lines
Brown & Williamson Tobacco	Dayton Warehouses, Inc.
Cargill	Manfredi Motor Transit
Chrysler	Leaseway Transportation
Corning	Overnite Transportation, Schneider National
Cryovac	Southeastern Freight Lines
Detroit Diesel	ANR Freight System
Fort Howard	Schneider National

Georgia Freight Bureau	Burlington Air Express, Southeastern Freight Lines, Roadway Express, J.B. Hunt Transport, Norfolk Southern, Federal Express, Sea-Land Service, Alliance Shippers, Manufacturers Consolidation Service
Glaxo	Viking Freight System
Hallmark Cards	Arkansas Freightways, Best Delivery Service, Contract Freighters, Inc., National Book Consolidators, Roadway Package System, TNT Red Star Express
Hercules Engines	Advance Transportation
Inland Steel	ABF Freight System
Kodak	Bekins Van Lines
Lever Brothers	Hub Group
Milliken & Co.	Spartan Express
Mobil Chemical	CSX Intermodal, Trailer-Mate
Monroe Auto Equipment	Cornhusker Motor Lines, Am-Can, Arkansas Freightways, Industrial Freight System, St. Johnsbury
Monsanto Chemical	Australia-New Zealand Direct Line
Motorola	North American Van Lines
Nabisco Foods	Walker Trucking
Olin Corp.	USA Truck, United DSI, Superior Carriers, Norfolk Southern, ACF Industries, Houston/California Distribution, BID Transportation
Pic 'N Pay Stores	Standard Trucking
Playtex Family Products	Walker Trucking
Quaker State	L.A. Express
S.C. Johnson Wax	Boncosky Transportation Services
Scott Paper	GST Corp., North American Van Lines
Signode	Southeastern Freight Lines
Sonoco Products	Estes Express Lines

odic spot audits of the reports to ensure integrity. "Trust but verify," says Neubert.

Neubert points out that the process has not been used to weed out the carrier ranks, so much as the support constant improvement among the company's preferred vendors. "Probably it's greatest benefit is in identifying problem areas," says Neubert. And the problem isn't always with the carrier.

"Business has to gravitate toward the top performers...whether or not they wear little Quality buttons, I couldn't care less," says John Power, Westinghouse director of transportation.

"The process helped us uncover a continuing packaging problem at one of our motor control centers. We were able to correct our packaging and as a result, claims decreased significantly."

Currently, four areas are measured: service (on-time deliveries), claims (damage-free deliveries), billing accuracy and an internal survey in which Westinghouse personnel offer personal evaluations. The formula used to calculate a carrier's Total Quality Index is:

.40 x **Service** + .40 x **Claims** + .10 x **Billing** + .10 x **Survey** = **TQI**.

• **Service** Index is calculated by dividing the number of on-time shipments by the total number of shipments handled by a carrier during the review period. "On-time" is determined by the carrier's stated service standards within specific lanes.

• **Claims** Index is the average of two numbers – the dollar amount of claims, and the amount of claims

continued

filed. The financial figure is achieved by dividing the dollar value of claims by revenue billed during the period. The numerical figure is arrived at by dividing the number of claims filed by the number of shipments handled. The two figures are then averaged.

• **Billing Accuracy** Index is actually monitored through third party, freight payment auditors Cass Logistics. The number of first pass correct bills is divided by the number of bills tendered to arrive at the index figure.

• **Survey** Index is based on twice-a-year internal surveys, in which the staff is polled about carriers' equipment availability, service and personnel. Responses are weighted according to the amount of business given to the carrier by each respondent.

Even the most formal Quality measurement processes have elusive components. "We're still trying to figure out how to measure heavy haulers," Power says. "You can't treat them the same way as an LTL carrier, and we haven't yet figured out the measurement criteria."

As befits a quality process, the standards keep rising. In 1991 carriers had to achieve a TQI rating of 95 percent or above to win a Gold Award. This year the Quality line will be raised to 96. Westinghouse tells carriers that figure is challenging, but can be attained with sufficient motivation and effort.

"Business has to gravitate toward the top performers," Power says. "Most of our Gold Award winners have a formal quality process, though it is not required in order to work with us. What matters is the quality of the service they provide—whether or not they wear little Quality buttons, I couldn't care less." ■

Beginning on page 84 is a list of shippers and the carriers they have recognized as part of their quality award programs.

Shipper Quality Awards

Shipper	Carriers Recognized
Spalding Sports Worldwide	St. Johnsbury
Spiegel	CMX Trucking
Springs Industries	Standard Trucking, Roadway Express
Storage Technology	Burlington Air Express
Texas Instruments	Airborne Express
TGI Friday's	Airborne Express
Westinghouse Electric	Roberts Express, Spartan Express, ANR Freight System, CF MotorFreight, Southeastern Freight Lines, Yellow Freight System, Atlas Van Lines, Avis Rent-a-Car, Roadway Package System, Federal Express

At a recent gathering, Westinghouse presented awards for 10 for its 90 transportation vendors who were winners of its Gold Award.

THE STATE OF QUALITY IN LOSISTICS

Logistics quality processes have been described as "immature," but these profiles of shipper quality efforts show that the movement has indeed taken hold.

Allied-Signal

Simple but fair measurements based on hard numbers are the key to Allied-Signal's carrier quality evaluation program.

The Aftermarket Group of Allied-Signal Inc. spent 18 months developing an approach to measuring carrier quality.

With a freight bill of around $26 million a year, it was determined to avoid the kind of subjective judgments that define so many quality programs—things like "driver appearance" and "carrier innovation." Instead, it stuck to hard numbers and good reporting, says Group Transportation Manager Carl A. Rossi.

The entire division simultaneously saw the need to improve customer service and track carrier performance in mid-1990.

Many quality programs penalize the biggest carriers by scoring them strictly on the number of incidents in a given period. Allied thought of a fairer way to measure performance. It would track instances of error per 100 shipments.

The company had tracked working days in transit and missed delivery dates, with totals calculated on a year-to-date basis. Now it wanted to know the exact number of shipments every carrier was handling each month, and how many were late.

At first, Allied tried extracting the numbers itself. This proved tedious, so Allied had the carriers supply the data in the desired format.

The key, says Rossi, was working with carriers who could be trusted to supply reliable information. Allied ended up saving administrative costs while receiving reports that were just as accurate as before.

To become eligible for the scoring process, Allied's carriers meet a number of strict criteria. They must provide the necessary scheduling and service coverage, not to mention high service standards. They must show how they will physically handle the freight. They must demonstrate a responsiveness to customer queries and problems. And they must offer competitive pricing—last on the list, but important all the same. After all that talk about service, Rossi says, "You've got to have a reality check."

By the end of 1991, the system was in place. These days, the Aftermarket Group generates monthly, easy-to-read tables showing each carrier's record of customer complaints, misrates, administrative errors, balance dues, past dues and service failures. Allied doesn't closely track freight claims, Rossi explains, because it files so few of them.

A few of the Aftermarket Group's 20 approved carriers have gone to extraordinary lengths to please the customer. Preston Trucking, the group's largest LTL carrier, provides overnight delivery throughout the Northeast from its break point in York, Pa., even though the carrier doesn't have a next-day standard for that facility. Preston's on-time record in the region is around 98 percent, Rossi says.

Eventually, Rossi might establish a certification process for carriers who reach a set level of excellence. But first the Aftermarket Group must come up with specific minimum standards for inclusion in its transportation program. Rossi didn't drop any carrier until it failed to respond to months of consistently poor service records. "We're not out to eliminate anyone immediately," he says. "We want our carriers to work with us."

—Robert Bowman

Preston Trucking is the Aftermarket group's largest LTL carrier, providing overnight delivery throughout the Northeast from its York, Pa., break point with on-time performance of 98 percent.

Hoechst Celanese

Hoechst's "Quality Partner Process" is the three-step method for choosing carriers who pass the strict criteria of this shipper.

Executives of 75 top motor carriers traveled to Charlotte, N.C., last December to hear one of their major customers read them the riot act on service. The Specialty Chemicals Group of Hoechst Celanese Corp. used the conference to announce a three-step "Quality Partner Process."

Together, the carriers were handling some 92 percent of Hoechst's outbound freight. They listened carefully as Hoechst executives explained the conditions under which they might continue to do so.

Products from the Specialty Chemicals Group include pulp and paper, polishes, resins, printing ink and advanced coating technologies. From plants in seven states and more than 100 shipping locations, it generates some 140,000 shipments a year—many are of hazardous materials and require extra care.

With encouragement from a top financial executive, good communication between shipper and carrier has helped to form a "team-building" partnership for Hoechst and its carriers.

The company calls its new quality program a "team-building" partnership which stresses good communications between shipper and carrier. But the actual service standards are set down unilaterally, in black and white. They fall into six main areas, according to Jimmie Hartsell, transportation manager of packaged goods.

In order of importance, they are: a good safety record, a quality process in place, financial stability, adequate insurance, operational characteristics (service coverage, equipment, drivers, transit times, rates), and computer capabilities. The last item isn't mandatory, Hartsell says, but it doesn't hurt to have EDI billing and tracing capability.

Hoechst's carriers will move through three distinct phases of selection, certification and continual improvement. "Selection" gets the carrier on the company's approved list but doesn't guarantee access to any freight. Certification is the real goal for those who want a substantial piece of Hoechst's business.

Carriers are graded on a points system in four categories: safety and health, overall quality, performance and administrative commitment. Each is worth a maximum of fifty points. Out of a possible 200, participants must score at least 180 in order to win certification. (They must also win at least three out of five possible points on each of the ten questions relating to safety.)

Hoechst determines the final score through a series of on-site audits, combined with monthly reports submitted by the carriers themselves. It pays special attention to overcharge settlements that take more than 30 days to finalize, and loss and damage claims that remained unpaid for more than 90 days. Billing and rating accuracy is another crucial area.

In a more general sense, Hoechst relies on a series of "values" to define its expectations. Hartsell divides these into three "Ps": people, process and performance. The first is self-evident, with emphasis on personal initiative and creativity. The second describes exactly how employees and company vendors can reach the third.

The focus, says Hartsell, "is on decision-making at the lowest practical level." At the December conference, it honored Central Transport driver Ernest Brice for demonstrating personal initiative. A customer had instructed Brice to unload his chemicals into the wrong holding tank. Brice, who knew the product and its requirements, refused. "Had he followed instructions, there would have been a major incident," recalls Hartsell. "The mixture of chemicals could have caused a reaction."

Last December was merely the kickoff for a program that is still in its infancy. Hoechst is planning a "mini-conference" for all of its drayage companies. And it's educating public warehouse facilities, many of which choose their own carriers for outbound transportation.

No transportation quality program can succeed without the support of a top financial executive. Wayne Docherty, vice president-finance and administration, says Hoechst is happy to make an up-front investment in quality, in expectation of big returns down the road.

"People talk in terms of the cost of quality," Docherty says, "but we expect to reduce internal costs caused by non-productive work in following up mistakes."

—Robert Bowman

continued

Olin Corp.

Approved carriers for Olin must meet strict requirements in five areas, yet a report card is still kept to monitor performance.

Each carrier in Olin Corp.'s evaluation program starts out with a perfect score. But a single safety incident could knock it off the company's list of approved vendors.

Stamford, Connecticut-based Olin Corp. is a major shipper of chlorine, caustic soda and other chemicals used in manufacturing. Almost all are classified as hazardous materials. The company relies on its Distribution Supplier Quality Awards to keep close tabs on more than 100,000 outbound shipments a year, says Fred Hauschild, manager of distribution safety and operations.

Winners receive the customary engraved plaque along with an invitation to dinner at company headquarters, "where they sit through a boring speech I give them," says Hauschild. But the real purpose of the five-year-old program is to guarantee absolute service reliability and the safe transportation of sensitive freight.

It begins with tough standards for designation as an approved carrier. Olin insists on five things: a minimum of $5 million in liability insurance, a satisfactory rating with the U.S. Department of Transportation, proper operating authority, proof of financial viability and a clean safety record.

Once a carrier clears those hurdles, Olin starts keeping score. From a base of 100, it subtracts points for missed delivery appointments and "accidents" that result in spills. A serious incident is worth up to three points, Hauschild says, and that's enough to lose Olin's business.

In 1991, none of the company's best carriers scored less than 97.9 for the year, while a couple posted a perfect 100. A score of 95—worth an A-minus on a college term paper—isn't good enough for Olin. "It's a very narrow range," admits Hauschild. "The top carriers are less than a point apart."

Despite a reliance on numbers, Olin leaves room for subjective judgments. It's careful to account for mistakes which aren't the carrier's fault, as well as the severity of the incident. And it considers a wide variance in number of shipments handled under the program—from Olin's minimum annual threshold of 1,000, to more than 30,000 for the biggest carriers. The greater a carrier's exposure, the more leeway it has. Hauschild says Olin follows the "80-20" rule in doling out business: 80 percent of its volumes are carried by 20 percent of the contracted carriers.

In a perfect world, carriers would have no accidents and deliveries would be 100 percent on time. In fact, a handful of Olin's customers allow no room at all for missed appointments. The rest are a bit more generous, with delivery windows of an hour or two.

Leaving no room for substandard performance, Olin tracks its carriers' handling of hazardous materials partially through CHEMTREC, a nationwide emergency response network.

The company has no independent means of tracking carrier performance. It depends entirely on public information, customer complaints and notification of problems by the carriers themselves—even lost points are the result. Hauschild says Olin usually finds out anyway. "We tell the carriers, 'If there is a problem, we'd better learn about it first from you.' "

Olin's quickest line of communication is CHEMTREC, the chemical industry's nationwide emergency response network. Whether the incident occurs on a rural road or superhighway, during rush hour or dead or night, Olin gets the message. "We're very confident that there are few things happening out there that we don't know about," says Hauschild.

There's no room in the chemicals business for substandard performance. Olin has dumped two carriers in the last two years. "They didn't last long enough to go very far," Hauschild recalls. "All it took was a couple of major safety incidents, and they were gone."

A single spill, however minor, leads to automatic probation. One carrier was released following several minor mishaps which resulted in the spillage of a few gallons of hazardous chemicals. To Olin, it was proof enough that the carrier lacked a proper safety training program.

Olin publishes quarterly reports on service quality, based in part on information supplied by the carriers themselves. Recognition goes to those vendors with the fewest number of demerits for the year.

For Olin, the best isn't always good enough. The company gave no award for LTL transportation in 1991, Hauschild notes.

—Robert Bowman

Subaru of America

In 1988, Subaru started to devise a rating system for carrier quality. With its complex scoring system in place, it has weeded out 72 carriers.

Four years ago, distribution of automotive parts was a "bastard division" of Subaru of America, Inc. Now it's considered so important that the company has a separate traffic department, complete with rigorous carrier evaluation program, for parts alone.

"Our industry is so heavily geared toward customer sales now," says Tom Leimkuhler, national traffic manager, parts distribution and logistics. "And the movement of parts is so tied into the sale of a car."

In 1988, he got the job of centralizing Subaru's after-market parts distribution system and devising a means of grading carriers on quality.

Leimkuhler came up with a program which assigns points to every conceivable aspect of domestic carrier service. Each month, Subaru of America issues a monthly report card with 100 possible points, divided into nine objectives. They range from the obvious to the intangible.

Few carrier grading systems get as specific as Subaru's. Pickup and delivery performance are worth up to six points each.

On-time delivery is worth 30 points. Subaru's objectives vary according to mode, Leimkuhler says. For air, the full 15 points are awarded to carriers delivering at least 98-percent on time. For surface carriers, the minimum "perfect" performance rate is 97.5 percent.

Invoicing carries a value of 15 points, given to carriers who make no errors during the review month. Another 13 points fall into carrier personnel response, with five points for quality of sales calls; five points for "general helpfulness"; two points for verbal and written proof of delivery, and one point for shipment tracing response.

There's no room for error in the claims category, worth a total of 20 points. Carriers get the full 20 if no loss or damage claims are filed during the month; they automatically lose 10 if there are any claims at all. The remaining 10 points relate to the handling of claims. If a claim is settled, the carrier gets four points; if denied, it gets nothing. If settled within 25 days, score six more points; if longer, zero.

Subaru can accept the occasional late shipment, Leimkuhler explains, but the slightest bit of damage is unacceptable. It dreads the prospect of customers forced to wait an extra week for a replacement part backordered from Japan.

Rounding out the carrier scorecard are financial stability and innovation, each worth a maximum of 10 points. The latter category is especially tricky, Leimkuhler says. A carrier can only win the five points if it does something extraordinary during the month, such as rushing an emergency shipment or coming up with equipment at a moment's notice.

Copies of the monthly report cards go out to the carrier at both the national and regional levels. Subaru follows up by meeting with carrier representatives to discuss where they went wrong, and how they might improve. Then, at year's end, the company tallies its results and hands out awards. The winners are those vendors who come closest to the magic number of 1,200 in each mode of transportation.

No one has achieved that level yet. Subaru's best air carriers are still about 10 percent off the mark, Leimkuhler says. Regional surface carriers come a bit closer. The top national surface carriers range from 20 to 30 percent below a perfect score. Leimkuhler attributes their lower numbers to longer transit times and greater volumes.

Roadway Express, Inc. was named Subaru's National Surface Carrier of the Year for the third straight year. Con-Way Southern Express won Regional Surface Carrier of the Year; Federal Express was the best air carrier, and Summit Express was named Dedicated Delivery/Contract Carrier of the Year.

The point isn't to save money on distribution. Subaru is willing to spend more to keep the customer satisfied, and reap the benefits further down the line. "We fly a lot more product than most people do," notes Leimkuhler. "We've got a huge airfreight bill."

Leimkuhler swears by Subaru's complex scoring system as the best way to measure carrier performance. "This is our Bible," he says. "It's a tremendous tool."

—Robert Bowman

continued

With the competitive nature of the auto industry, it was important for Subaru to be sure automotive parts were delivered on time. "The movement of parts is so tied into the sale of a car."

Union Camp

Positioning itself for future trade, Union Camp expects to implement the European-based ISO 9000 standards at each of its plants by 1993.

Nobody told Union Camp Corp. that it had to conform to ISO 9000 quality requirements. In fact, when the big producer of paper, packaging and chemicals first announced its intentions three years ago, most customers didn't know what it was talking about.

Even today, relatively few major U.S. corporations have adopted the sweeping criteria developed by the European-based International Standards Organization. But Union Camp's container division, which makes corrugated cardboard boxes for everything from color TVs to sensitive chemicals, saw the need for decisive action. "We wanted to capture the marketplace five to 10 years from now," says Steve Holladay, division manager of quality systems. "We had to be leaders in quality management and customer focus."

An exhaustive audit of Union Camp's customer base revealed that some of the biggest names—companies like Du Pont and Exxon—were drawing their internal requirements from ISO's 9000 series of production and service standards. Union Camp vowed to do the same. In January of 1991, the container division announced it would adopt the 9000 standards at all 27 of its plants by the end of 1993.

The "9000" designation actually covers several categories of standards for ISO certification. The numbers 9001-9003 describe declining levels of difficulty, with 9001 the highest. 9004 is a set of guidelines for implementing the entire series, and for exceeding ISO's minimum standards. Holladay says Union Camp went for 9001 certification at four of the first five plants to undergo the process.

Richmond, Va., was first, followed by Lafayette, La.; Sabine, Texas; Lancaster, Pa., and Lakeland, Fla. Stan Lange, general manager of the Lancaster plant, says the process took two years to complete at his location alone. "We had a quality process in place," he recalls. "Even with that, it was still like reinventing the wheel."

Most of the 9001 requirements are familiar to quality-minded companies. Anyone, for example, can halt the Union Camp assembly line if a problem crops up. More importantly, the standards tell how to determine whether a problem exists in the first place. Each work station has its own employee log and quality manual; everyone at the station is required to read it and sign it.

The basic idea behind the 9000 standards is creation of a self-operating system. "You can take people out of one plant and put them in any similar plant," Lange says, "and they could run it without any previous experience." The concept applies everywhere from order taking to the shipping dock.

As in the case of production, ISO doesn't tell the company how to benchmark carrier performance. It merely requires clear communication of expectations—and the close monitoring of every single shipment. In the past, says Holladay, Union Camp wouldn't always bother to tell a carrier when service began to slip. Removal of that carrier from the approved list could come from out of the blue. Now there are no surprises.

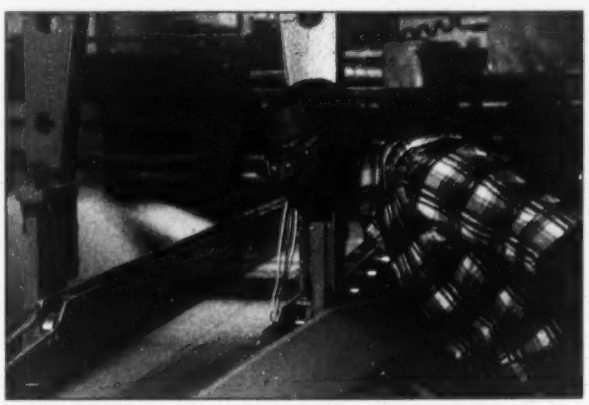
The criteria for certification are developed by a "quality steering committee" consisting of five members of Union Camp management. Carriers are audited and certified in four primary areas: quality of equipment, on-time pickup and delivery, reaction time to requests for equipment, and downtime due to equipment or driver problems.

Often a Union Camp audit will lead to recommendations for improvement. But when the carrier's performance has fallen below acceptable limits, it is immediately removed from the approved list until it takes corrective action. There's no grace period, Lange says.

Individual plants are given plenty of leeway to choose their own carriers. That's a hallmark of the ISO standards—the ability to adapt to local needs. A plant may use as few or as many carriers as it needs, as long as it keeps Holladay apprised of the reasons behind its choices.

Union Camp's container division is bringing along additional plants as fast as it can. But all are keenly aware of the growing importance of ISO standards in the U.S.—and the need to catch up with European competitors. Says Lange: "It's going to be a requirement of companies doing business in Europe after 1992."

—Robert Bowman



Adopting ISO 9000 standards positions Union Camp to play a major role in future international trade. "We wanted to capture the marketplace five to 10 years from now."

THE STATE OF QUALITY IN LOSISTICS

Logistics quality processes have been described as "immature," but these profiles of carrier quality efforts show that the movement has indeed taken hold.

Airborne Express

Instead of going directly to customers for suggested areas of quality improvement, this carrier saved time by simply looking within itself.

Airborne Express' 1992 Quality Partner Plan takes the bull by the horns. It's a document devised by the company to answer every customers' questions about its Quality process. Airborne took it upon itself, using Baldrige Award guidelines, and provided the answers to what it thought would be the most commonly-asked questions. "Enough customers wanted to initiate joint Quality programs," says Vice President, Quality Development, Ray Berry, "that we figured this would satisfy their needs."

As Berry sees it, satisfying customer needs is what Quality is all about. Although the company has had a quality process in place since 1980, Berry admits that until 1987, the process was internally focused, ensuring that Airborne employees adhered to corporate standards. Independent consultants were hired to examine operating procedures, and they reported back that "you can't measure quality on your yardstick. You have to measure what customers want."

That brought about a new mindset at the Seattle-based express company and international freight forwarder: one with an external, not an internal focus.

Where in the past the company's computerized measuring tools monitored internal processes, the focus has now expanded to include unannounced on-site field audits. "When we started these audits it was pretty tough on our offices. Not many passed," says Berry. Since the early stages, performance has dramatically improved. More than 85 percent of Airborne's international offices now pass the stringent audit.

As the top person in charge of Quality at Airborne, Ray Berry spends most of his time dealing with customers. Most of the time he's fielding questions about the company's quality process. "Most of our business is with corporate accounts," he says, "and I'd say the breakdown is about 50/50 between those that have a quality program and are trying to determine if our standards are compatible with theirs, and those companies who are just beginning to set up a process."

Berry's time is also spent as point man for APEX—Airborne's Program for Excellence. It's the method whereby customer problems are solved. According to Berry, it was challenging to get started because it required integrating departments from across the company that had previously worked in isolation.

If, for example, an auditor uncovered a certain office making too many billing errors, the auditor takes the situation to Berry, who puts together a team of various departmental managers. It might combine people from the office in questions, customer service reps or MIS. The team analyzes the situation, uncovers the problem, and formulates a solution.

According to Berry, there's only one goal: getting employees to focus on 100 percent customer satisfaction. "If we can get our people to internalize that one thought, then all the measurements and standards have achieved their purpose," he says. "The goal is to get people to use their common sense, and we try to create an environment in which they are allowed to do that."

—E.J. Muller

continued

Airborne is intent on satisfying customer needs through steps taken in its Quality Partner Plan. In 1987, it started to focus on outside improvement instead of internal.

Alliance Shippers

Alliance was "encouraged" to adopt a formal quality process by one of its biggest customers. Now it's running with the ball.

Alliance Shippers, Inc. wasn't exactly self-motivated when it implemented a formal quality process nearly four years ago. The shippers' agent was nudged in that direction by an exclusive contract with Procter & Gamble.

Alliance was well on its way to embracing the quality craze. "We were probably doing about two-thirds of what a formalized quality process requires," says Jay Hirst, vice president-traffic. But for a huge customer like P&G, two-thirds wasn't enough.

It was November 1988, and the shipper had just signed over responsibility for its intermodal domestic shipments to Alliance. Hirst says P&G saw enough "raw" quality in the agent's organization to seal the deal. Afterwards, it encouraged Alliance to adopt a full-blown quality process.

Drayage firms must meet rigorous standards if they want to stay in Alliance's good graces. "We want to allow the best to come to the surface," says Vice President Jay Hirst.

So, drawing on the teachings of quality guru Dr. W. Edwards Deming, Alliance launched a "total quality" process, complete with formal statistical process controls and Deming's "Fourteen Points of Excellence." Later it mixed in elements of Phillip Crosby's Quality College curriculum and other quality programs.

The new emphasis on statistics enables the company to determine exactly when it is straying from its own standards. At the same time, Alliance dived into the alphabet soup of quality, forming a TCP (Team Circle Process) to determine the CBA (current best approach) to any problem. It emerged with a concept known as TPS (The Perfect Shipment), a promise to customers that every intermodal shipment will be picked up on time and delivered on schedule with an accurate freight bill.

Selling the program to staff was the biggest challenge, Hirst says. Alliance's 14 regional operations centers and 41 sales locations throughout North America were accustomed to doing things a certain way. They weren't keen on fixing a system that wasn't broken. "It's one thing to go through the motions," says Hirst. "It's another to embrace the process. We had to gain their confidence until they could see results."

Next, Alliance recruited its carriers. Railroads were an easier sell than motor carriers, Hirst says, because they've been statistically oriented for years, partly in response to the demands of United Parcel Service, a huge customer.

In the end, truckers had no choice but to fall in line—if they wanted to keep Alliance as a customer. Under a program dubbed "The Perfect Drayage," Alliance restructured its truck contracts to conform to the tenets of quality. Drayage contractors now must carry cargo insurance of at least $100,000 per box, obtain permission before incurring extra charges due to changes in service, show proof of authority to haul hazardous materials, supply all Alliance offices with their current rate guide and provide proof of delivery on all shipments. Alliance also asked for more knowledgeable drivers who didn't mind being measured against the customer's rigorous standards. That means supplying high-quality equipment, on-time pickup and delivery, timely return of empty equipment and accurate freight bills.

A compliance rate of 100 percent is the goal, 95 percent the minimum. Anything within that range draws a pat on the back—and a discussion of how the carrier can do better. Prior to dropping the bombshell, Alliance had contracted with 637 motor carriers for drayage. All but 46 agreed to the new standards. True to its word, Alliance severed relations with those draymen. "We respect their reasons," says Hirst, "but they made the decision not to enjoy our business."

The program is already yielding benefits. A handful of drayage companies are now measuring their own performance and reporting to Alliance without prompting. Hirst hopes all of its carriers will eventually do the same.

Alliance expects to further reduce its contract carriers, although it's not bent on weeding anyone out immediately. "This is an evolutionary process," Hirst says. "We want to allow the best to come to the surface."

Hirst says Alliance is talking about developing its own quality awards, to provide extra incentive to employees and vendors alike. Still, he adds, "the purpose of the quality process is not to put a bunch of plaques on your wall. Expansion of business is the recognition you're looking for."

—Robert Bowman

Sea-Land Service

Sea-Land demands that its quality process show bottom line results. Knowing the cost of poor quality is the first step.

From Deming to Juran to Crosby, all the quality gurus stress the importance of understanding the true cost of quality. But in many businesses, the handle on costs is lost amid the rah-rah team meetings and slogans.

Sea-Land Service Inc.'s President and Chief Executive Officer, John Clancey, isn't about to let that happen at America's largest containership line. A former Marine, Clancey is leading a campaign to cut through all the vague quality posturing and ensure that the company's formal quality process, implemented in 1989, provides direct bottom-line results for both customers and the company. "Calls for quality and focus are easy," Clancey says. "Like most things in life, the devil is in the details."

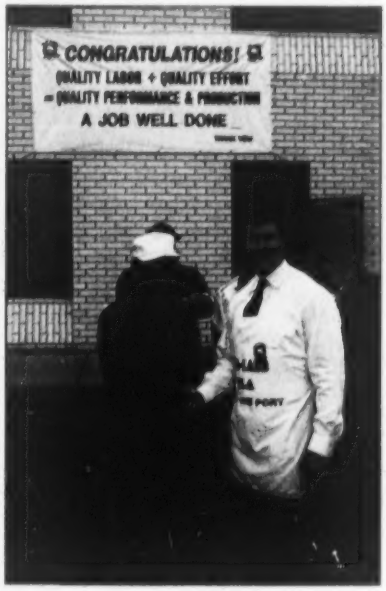
Clancey's mandate is to progress with the corporate streamlining that occurred at Sea-Land under the tenure of previous President Alex Mandl, who reigned in levels of mid-management, made dramatic personnel cuts, kept operations running efficiently and returned the company to profitability. The company's quality process is aimed at solidifying the new, leaner operating structure through improving the decision-making process for employees.

"John is taking the company from being activity-centered to being results-driven," says Vice President of Quality Gary Ritzman. Quality for its own sake isn't enough, he explains. What is the financial impact of doing something new? Or choosing not to do it? These are the questions Clancey and company are trying to get employees to ask themselves.

The first step in driving quality to the bottom line was surveying 1,500 Sea-Land customers around the world to determine what was important to them. From this, Sea-Land learned its customers priorities: on-time vessel arrival; transit time; equipment availability; customer service and documentation—in that order. That might all seem obvious to a shipper, but to a massive global liner operator, it can mean huge changes.

"We used to look at ourselves geographically," explains Ritzman, who used to work in Sea-Land's Taiwan region. "We were judged on filling a ship in a particular region. Everything was vertical—how was one region doing compared to another. We can't do that anymore. Now we view the entire operation system-wide, and we're rewarding people based on shipments moving from one end to the other."

When Sea-Land executives performed a cost of quality analysis considering operational snafus such as restows, bypasses, overtime, added lift, standbys, waiting time—all the extra costs incurred when a ship doesn't adhere strictly to a set schedule—it was an awakening. It cost the company $23 million in the North Atlantic to not run ships on-time. In the Pacific, the figure was a staggering $69 million. "We had previously assumed that we couldn't afford to make the ships run on-time," says Ritzman. "But this analysis showed that we couldn't afford to not have the ships run on-time."



Sea-Land's General Manager in Port Elizabeth, Bill Hamlin, greets an ILA member at a ceremony held recently to mark improved working relations between the carrier and the union.

As a result, salespeople had to be reeducated. They cannot promise customers that a ship will wait for their all-important cargo. "Our surveys proved that reliability is more important to our customers than flexibility," says Ritzman.

Sea-Land defines three cost categories: prevention costs (money spent preventing mistakes); appraisal costs (money spent uncovering where mistakes are made), and failure costs (money spent fixing a mistake). Failure costs are further broken down into Internal (errors discovered prior to customer delivery) and External (errors discovered by the customer). The total cost of quality is the sum of these costs. Comparing this sum to what delivery of a product or service would have cost if no mistakes were made reveals how much money is often wasted by not doing a job right the first time.

Ritzman's job is to make sure employees on every level understand the cost of quality. For example, by encouraging a more thoughtful use of courier services, Sea-Land has reduced its courier bill by 38 percent, a $21,000 savings. But Ritzman stresses there is no formal system for calculating and monitoring the cost of quality. "We do not want it to become a contest for people to invent savings," he says. "This is not a cost-cutting weapon; it is a tool for greater efficiency."

—E.J. Muller

continued

Mark VII Transportation

Customers are demanding formal quality processes, so this company lets employees work with customers to set the standards.

You don't understand what all the fuss is about. Quality this, Quality that, corrective action teams, performance indexes. Why go to all that trouble? There's a simple way to measure whether you're running your business right—you've got more satisfied customers than you did last year at this time. Isn't that enough Quality for you?

That's pretty much how the top management at Memphis-based Mark VII Transportation Co. looked at things. A three year-old sister company of Missouri-Nebraska Express, Mark VII has enjoyed rapid growth during its fledgling years. As a new company, it did a lot of things right from the start, and didn't see the need for the kind of formal quality process that's often used to clear the stale corporate air in older companies seeking a Quality infusion.

But as of April, Mark VII's 75 offices, as well as all companies in the MNX corporate family, have been engaged in a corporate-wide Quality Initiative Program. "The accounts you already do business with understand that you have a quality product," says Mark VII's Executive Vice President David Wedaman. "But we saw that more and more potential customers were asking about our 'formal' quality process. It became apparent that we'd have to formalize the process as a way of attracting new customers."

One obstacle was that many of Mark VII's new hires came from companies where Quality processes were synonymous with Big Brother. "We're a very decentralized company," he notes, "and we didn't want employees saying 'Here comes Corporate to tell us how to run our operation.' We wanted a participatory system, not a watchdog system."

That's why the campaign was turned over to Director of Operations, Sandy Painter. Her knowledge of all facets of the operation, and her reputation for flexibility, were essential to turn a potential negative into a positive. "Sandy was the perfect person to take the corporate Quality campaign into autonomous field locations and say, 'We want to learn from you,' " Wedaman says.

"We didn't want to lose our focus on the customer," says Painter, "and we didn't want to implement a formal system that would remove any of the flexibility that our people have in serving the customer." In field offices, all the quality performance standards are set by customers. "Everyone's requirements will be different," Painter notes. "One customer may want to work with a PC, another may want to work with a typewriter. Our job is to provide whatever service they want, not to make them adhere to our quality system."

Performance standards are set by customers. "Our job is to provide the service they want," says Mark VII's Sandy Painter, "not to make them adhere to our quality system."

She says the process is being phased in slowly. "People want to be part of the process, not feel like something is being forced upon them." That's why Mark VII encourages field people, rather than corporate types, to set standards. It puts decision-making responsibility closer to the customer. "You cannot monitor Quality from the corporate office," Painter declares. "You have to be out there in the field, where the work is done."

As an example of employee-driven quality concepts, Painter recalls when a large account in Memphis wanted Mark VII to assume the responsibility for coordinating all of its truck brokerage. A worker who had set up such a system in the company's Evansville office was brought in to swiftly install a similar one. It's a great example of Corporate encouraging field locations to seek optimum solutions, and then efficiently deploying those solutions elsewhere in the company.

Having a formal Quality process is almost a requisite today, Wedaman admits. But he isn't much for the numbers side of the Quality movement. "A lot of it is measuring for the sake of measuring. We can provide all that for our customers, but that's not what we lead with," he says.

There are, of course, internal operations that are now governed by classic statistical process control measurements, such as billing. That's an area where strict procedures are implemented, monitored and maintained. But for many aspects of the operation, Wedaman is more interested in fostering the quality process than establishing procedural guidelines. "I believe in people over the procedure. The key is giving them the tools and training to do the job right."

—E.J. Muller

Spartan Express

Hire quality people, train them thoroughly and help them to see the big picture. That's Spartan's simple recipe for quality.

Spartan Express, Inc., based in Greer, S.C., believes that Quality is achieved by encouraging employees to use their wits. Or in this case, their WITS—as in Whatever It Takes, the name Spartan has given to its quality process. Spartan President Barry McNaughton admits he doesn't go for all the slogans and cheerleading associated with Quality. But back in 1989, he recognized that "a formal quality campaign was needed to provide an instrument for improvement."

Spartan's process contains all the usual performance measurements, but McNaughton points out that the key to success is creating a corporate culture in which all employees are willing to do Whatever It Takes to satisfy a customer. To wit:

Account Manager Robbie Dudley discovered a misloaded shipment bound for a new customer. Rather than let the relationship get off on the wrong foot, he pulled the freight and used his own truck to deliver it to the correct consignee.

A driver, Rick Prather, showed up early for his load in Spartan's Knoxville terminal. Rather than wait idly while his LTL shipment was being built, he delivered a customer load across town, pleasantly surprising the consignee and freeing up needed equipment for Spartan.

When Designer Ensembles in Honea Path, S.C., needed an emergency shipment delivered, Spartan driver Mark Mitchum so impressed the company's shipping supervisor that the company inked a contract with Spartan, stipulating Mitchum as its designated driver.

These are the kind of things that don't always show up on a Quality performance measurement report. But according to Spartan's Director of Quality, Val Pierce, they are the essential goal of a good quality mindset. "Spartan has always had a lot of internal measurements," she says. "We've measured anything and everything. But sometimes you can get bogged down in all the numbers. The purpose of a quality process should be to get employees performing at their best."

Pierce is a true believer in Quality; she has a galvanizing fervor about her work. But unlike a lot of the quality "champions," who preach strict conformance to the numbers, Pierce believes less in procedural discipline and more in employee empowerment. "In the past, we had been like many corporations in America, dictating from the top down. Always quick to criticize and slow to praise." Now Spartan's culture is to "humanize" the Quality discipline by diligently recognizing and rewarding outstanding work. "We don't want managers who keep score," Pierce explains. "We want managers who can excite people to do a good job."

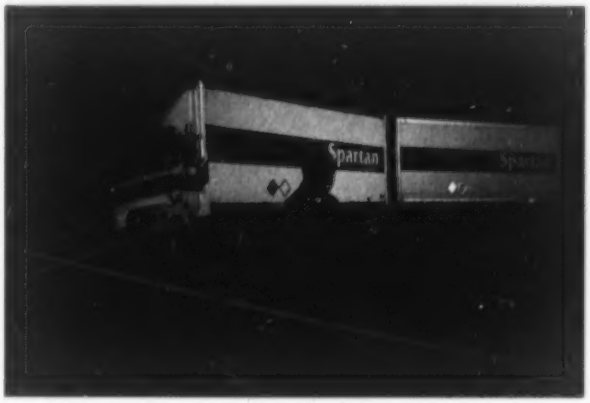
Once people have been trained to do a job right, and encouraged to do it right every day, they must be recognized for their efforts. Spartan has several methods for fostering recognition and rewards.

Anyone within the company can single out another employee for recognition when they perform above and beyond the call. That was the case with Rick Prather in the case mentioned earlier. Each special case earns a handwritten letter of recognition from senior staff. If an employee earns five special mentions—from internal or external customers, they become an "Extra Miler," which entitles them to special rewards. In addition, there's another incentive program called SPIN, for Spartan Incentives, in which workers can earn bonuses for meeting specific customer requirements. According to Pierce, the recognition program "has been more successful than anything else we've implemented."

And before you start thinking that this pat-on-the-back, happy-face approach to Quality will crumble under the steely no-nonsense measurements of a statistics-based performance measurement system, consider this: Spartan was one of only 13 vendors deemed a "Distinguished Supplier" by the Baldrige Award-winning Milliken & Company. Spartan averaged a 98 percent on-time record over the course of a year for Milliken, and had no claims.

Spartan tries to keep its operation tightly-focused. "We are not a global company," says McNaughton, "but our customers are. Our salvation is to continually improve our quality, and eliminate waste." For Spartan, that means encouraging workers to keep their WITS about them.

—E.J. Muller



Of 300 recent job applicants, only five or so passed muster, says Barry McNaughton. The carrier provides good equipment and incentives. In exchange, it expects a quality attitude.